

NEW ISSUE –COMPETITIVE

BOOK-ENTRY ONLY

City of Portland, Oregon
\$26,290,000
Tax Anticipation Notes
Series 2019
(Fire and Police Disability and Retirement Fund)

DATED: Date of Delivery

DUE: June 25, 2020

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Ratings	Moody’s Investors Service: MIG 1
Tax Status	In the opinion of Hawkins Delafield & Wood LLP, Note Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In the opinion of Note Counsel, interest on the Notes is exempt from Oregon personal income tax under existing law. See “TAX MATTERS” herein for a discussion of the opinion of Note Counsel.
Security	The City has irrevocably pledged the ad valorem taxes it has budgeted to receive for the Fire and Police Disability and Retirement (“FPDR”) Fund in Fiscal Year (“FY”) 2019-20 and its full faith and credit and taxing power to the punctual payment of principal and interest on the Notes. The principal amount of and interest on the Notes is approximately 17.4 percent of the expected FY 2019-20 FPDR Fund tax collections.
Purpose	The Notes will be issued for the purpose of meeting current expenses of the FPDR Fund pending collection of annual tax levy receipts for FY 2019-20. Proceeds of the Notes will also be used to pay costs of issuance of the Notes.
Interest Payment Date	June 25, 2020, as shown in the Maturity Schedule below.
Denominations	\$5,000 and any integral multiple thereof.
Redemption	The Notes are not subject to redemption prior to their maturity date.
Date of Delivery	On or about August 8, 2019.
Book Entry System	The Depository Trust Company, New York, New York.
Note Counsel	Hawkins Delafield & Wood LLP, Portland, Oregon.
Paying Agent	U.S. Bank National Association

MATURITY SCHEDULE

Due	Principal Amount	Interest Rate	Price	Yield	CUSIP Number[¶]
06/25/2020	\$26,290,000	3.00%	101.657	1.10%	736679A27

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**OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND
MULTNOMAH, WASHINGTON AND CLACKAMAS COUNTIES
OREGON**

**\$26,290,000
Tax Anticipation Notes
Series 2019
(Fire and Police Disability and Retirement Fund)**

CITY COUNCIL

Ted Wheeler,
Mayor and Commissioner of Finance and Administration

Amanda Fritz, Commissioner No. 1
Nick Fish, Commissioner No. 2
Jo Ann Hardesty, Commissioner No. 3
Chloe Eudaly, Commissioner No. 4

CITY OFFICIALS

Mary Hull Caballero, City Auditor
Brigid O'Callaghan, City Treasurer
Tracy Reeve, City Attorney
Tom Rinehart, Chief Administrative Officer
Jennifer Cooperman, Chief Financial Officer

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NOTE COUNSEL

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Portland, Oregon



No dealer, broker, salesperson or other person has been authorized by the City of Portland (the “City”) to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

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

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon a specific exemption contained in such act, nor have the Notes been registered under the securities laws of any state.

In making an investment decision, potential investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference. The City maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Notes.

In connection with this offering, the successful bidder (the “Underwriter”) may over allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time. The public offering prices or yields set forth on the inside front cover hereof may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Notes to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover page hereof.

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

**\$26,290,000
City of Portland, Oregon
Tax Anticipation Notes
Series 2019
(Fire and Police Disability and Retirement Fund)**

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the “City”) and its Tax Anticipation Notes, Series 2019 (Fire and Police Disability and Retirement Fund) (the “Notes”), dated as of their Date of Delivery.

THE NOTES

AUTHORIZATION AND PURPOSE

The Notes are being issued pursuant to Oregon Revised Statutes (“ORS”) Section 287A.180 and City Ordinance No. 189602 enacted July 10, 2019 (the “Ordinance”). See Appendix A attached hereto for the Ordinance. The proceeds of the Notes will be used to meet current expenses of the City’s Fire and Police Disability and Retirement (“FPDR”) Fund pending collection of the annual tax levy receipts in FY 2019-20 and to pay costs of issuing the Notes. Included herein as Table 1 is the FPDR Fund cash flow projection for FY 2019-20 without the Notes. Table 2 presents the FPDR Fund cash flow projection for FY 2019-20 including the proceeds of the Notes.

FORM AND PAYMENT

The Notes will mature on June 25, 2020, in the principal amount shown on the cover of this Official Statement and will bear interest from the Date of Delivery at the interest rate indicated on the cover of this Official Statement. Interest is payable only at maturity and will be computed on a 30-day month, 360-day year basis, with no compounding of interest.

SECURITY FOR THE NOTES

The Notes are secured by a pledge of the ad valorem taxes the City has budgeted to receive for the FPDR Fund in FY 2019-20. The City pledges its full faith and credit and taxing power to the punctual payment of principal of and interest on the Notes.

The City has certified a levy of \$168,768,476 for the FPDR Fund for FY 2019-20. This levy translates into a projected tax rate of \$2.6878/\$1,000 of Assessed Value, or \$1.0719/\$1,000 of taxable Real Market Value. After discounts and delinquencies estimated at \$7.3 million, and an estimated reduction due to Tax Rate Compression of approximately \$7.3 million, it is anticipated that the City will collect about \$154.2 million in ad valorem taxes for the FPDR Fund levied for FY 2019-20. See “PROPERTY TAX INFORMATION—TAX RATE COMPRESSION” herein. Additionally, the City has budgeted \$2.1 million of prior years’ property taxes to be collected in FY 2019-20. The principal of and interest on the Notes is approximately 17.4 percent of expected FY 2019-20 FPDR Fund current and prior year tax collections.

REDEMPTION

The Notes are not subject to redemption prior to their maturity date.

ESTIMATED CASH FLOW FOR FY 2019-20

The City is issuing the Notes to provide for current expenses in its FPDR Fund until property tax revenues for FY 2019-20 are received. Property tax collections flow into the FPDR Fund at intervals that do not coincide with its expenditures. Proceeds of the Notes also will be used to maintain a working capital reserve for the FPDR Fund.

Table 1
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Fund
Projected Cash Flow without Tax Anticipation Notes⁽¹⁾
Fiscal Year Ending June 30, 2020
(000s)

Period Ending Date	1 31-Jul	2 31-Aug	3 30-Sep	4 31-Oct	5 1 Nov- 12 Nov	5 13 Nov- 30 Nov	6 31-Dec	7 31-Jan	8 29-Feb	9 31-Mar	10 30-Apr	11 31-May	12 30-Jun	Total
BEGINNING BALANCE	\$29,099	\$18,799	(\$3,065)	(\$3,316)	(\$14,665)	(\$25,660)	\$66,129	\$99,840	\$79,172	\$63,398	\$66,843	\$50,774	\$39,633	
REVENUES														
Property Taxes	839	438	398	303	-	97,132	45,319	1,825	1,035	4,085	580	496	3,826	156,276
Interest Earned	167	155	120	37	-	14	-	-	23	167	175	143	129	1,131
Miscellaneous	10	10	10	10	-	398	10	10	398	10	398	10	443	1,718
Tax Anticipation Notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	\$30,116	\$19,403	(\$2,537)	(\$2,966)	(\$14,665)	\$71,884	\$111,459	\$101,675	\$80,628	\$67,660	\$67,995	\$51,424	\$44,030	\$188,224 ⁽²⁾
EXPENDITURES														
Materials & Services														
Base Pensions	\$10,537	\$21,592	\$0	\$10,805	\$10,805	\$0	\$10,791	\$21,582	\$10,838	\$0	\$10,884	\$10,932	\$10,980	\$129,746
Supplemental Pensions	17	17	17	17	-	17	17	17	17	17	17	17	17	202
Short-Term Disability	104	157	104	104	59	59	119	178	119	119	119	119	119	1,479
Long-Term Disability	137	142	142	142	-	142	152	152	152	140	133	126	126	1,686
Medical/Voc	203	252	203	203	101	160	211	261	211	211	211	261	211	2,698
Rehab/Funeral														
Limited Duty Subsidy	-	-	-	-	-	115	-	-	115	-	115	-	115	459
OPSRP Reimbursements	-	-	-	-	-	4,957	-	-	5,430	-	5,307	-	5,805	21,498
Administrative Expenses	307	291	303	420	29	287	321	304	333	322	428	318	408	4,073
Capital Outlay	11	18	9	9	-	18	9	9	18	9	9	18	9	143
TANs Repayment & Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Costs														
Total Expenditures	\$11,316	\$22,468	\$779	\$11,700	\$10,995	\$5,755	\$11,619	\$22,503	\$17,230	\$817	\$17,221	\$11,791	\$17,790	\$161,983
ENDING BALANCE	\$18,799	(\$3,065)	(\$3,316)	(\$14,665)	(\$25,660)	\$66,129	\$99,840	\$79,172	\$63,398	\$66,843	\$50,774	\$39,633	\$26,241	

(1) Does not include proceeds or repayment of the Notes. Totals may not sum due to rounding.

(2) Includes \$29,099 beginning balance as of July 31, 2019.

Source: City of Portland

Table 2
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Fund
Projected Cash Flow with Tax Anticipation Notes⁽¹⁾
Fiscal Year Ending June 30, 2020
(000s)

Period Ending Date	1	2	3	4	5	5	6	7	8	9	10	11	12	Total
	31-Jul	31-Aug	30-Sep	31-Oct	1 Nov- 12 Nov	13 Nov- 30 Nov	31-Dec	31-Jan	29-Feb	31-Mar	30-Apr	31-May	30-Jun	
BEGINNING BALANCE	\$29,099	\$19,299	\$23,611	\$23,360	\$12,010	\$1,016	\$92,845	\$126,600	\$105,957	\$90,210	\$93,707	\$77,691	\$66,598	
REVENUES														
Property Taxes	839	438	398	303	-	97,132	45,319	1,825	1,035	4,085	580	496	3,826	156,276
Interest Earned	167	155	120	37	-	55	44	24	50	219	228	192	181	1,472
Miscellaneous	10	10	10	10	-	398	10	10	398	10	398	10	443	1,718
Tax Anticipation Notes	500	26,226	-	-	-	-	-	-	-	-	-	-	-	26,726
Total Resources	\$30,616	\$46,128	\$24,139	\$23,710	\$12,010	\$98,600	\$138,219	\$128,460	\$107,440	\$94,524	\$94,912	\$78,389	\$71,048	\$215,291⁽²⁾
EXPENDITURES														
Materials & Services														
Base Pensions	\$10,537	\$21,592	\$0	\$10,805	\$10,805	\$0	\$10,791	\$21,582	\$10,838	\$0	\$10,884	\$10,932	\$10,980	\$129,746
Supplemental Pensions	17	17	17	17	-	17	17	17	17	17	17	17	17	202
Short-Term Disability	104	157	104	104	59	59	119	178	119	119	119	119	119	1,479
Long-Term Disability	137	142	142	142	-	142	152	152	152	140	133	126	126	1,686
Medical/Voc Rehab/Funeral	203	252	203	203	101	160	211	261	211	211	211	261	211	2,698
Limited Duty Subsidy	-	-	-	-	-	115	-	-	115	-	115	-	115	459
OPSRP Reimbursements	-	-	-	-	-	4,957	-	-	5,430	-	5,307	-	5,805	21,498
Administrative Expenses	307	291	303	420	29	287	321	304	333	322	428	318	408	4,073
Capital Outlay	11	18	9	9	-	18	9	9	18	9	9	18	9	143
TANs Repayment & Issue Costs	-	50	-	-	-	-	-	-	-	-	-	-	27,185	27,235
Total Expenditures	\$11,316	\$22,518	\$779	\$11,700	\$10,995	\$5,755	\$11,619	\$22,503	\$17,230	\$817	\$17,221	\$11,791	\$44,975	\$189,218
ENDING BALANCE	\$19,299	\$23,611	\$23,360	\$12,010	\$1,016	\$92,845	\$126,600	\$105,957	\$90,210	\$93,707	\$77,691	\$66,598	\$26,073	

(1) Totals may not sum due to rounding.

(2) Includes \$29,099 beginning balance as of July 31, 2019.

Source: City of Portland

ESTIMATED SOURCES AND USES OF FUNDS

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

Table 3
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Fund
Estimated Sources and Uses of Funds⁽¹⁾

SOURCES OF FUNDS	
Par amount of notes	\$26,290,000.00
Net original issue premium	435,625.30
Total sources of funds	<u>\$26,725,625.30</u>
USES OF FUNDS	
Deposit to FPDR Fund	\$26,675,894.80
Underwriter's discount	11,830.50
Issuance costs	37,900.00
Total uses of funds	<u>\$26,725,625.30</u>

(1) Table to be completed in the final Official Statement.

Source: *City of Portland*

THE FPDR FUND

OVERVIEW

The Bureau of Fire & Police Disability & Retirement administers disability, death, and retirement benefits to Portland firefighters, police officers, and their survivors. Fire and police sworn personnel are covered under the FPDR Plan or the Oregon Public Service Retirement Plan ("OPSRP"). For information about the FPDR Plan and OPSRP, see "FINANCIAL AND OPERATING INFORMATION—PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM, and —PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT PLAN" herein.

The FPDR Fund, which accounts for benefits and expenses of the FPDR Plan and OPSRP contributions for police and fire members hired after 2006, was established by adoption of Chapter 5 of the City Charter by the voters at the general election held November 2, 1948. The FPDR Fund is administered by a Board of Trustees. The Board of Trustees of the FPDR Fund also administers a Reserve Fund, authorized under provisions of Chapter 5 (Section 5-104) of the City Charter. The Reserve Fund's purpose is to provide a reserve from which advances can be made to the FPDR Fund in the event the latter is depleted to the extent it cannot meet its current obligations. Under provisions of the City Charter, the Reserve Fund maximum is established at \$750,000 and is currently fully funded.

FPDR PROPERTY TAX LEVY

The City Charter and current Oregon tax law only allow the City to impose the FPDR property tax levy to pay current obligations, which include current benefits delivered through the FPDR Plan as well as contributions to OPSRP for individuals whose retirement benefits are delivered through that plan. As required by Charter, the FPDR Fund's Board of Trustees prepares an estimate of the amount required to pay and discharge all requirements of the FPDR Fund, exclusive of any loans, advances, or other revenues for the next succeeding fiscal year and submits this estimate to the City Council. The City Council is required by Charter to levy a dedicated property tax sufficient to fund estimated requirements as provided by the Board of Trustees. This tax levy cannot exceed \$2.80 per \$1,000 of real market value. Proceeds of that levy are credited to the FPDR Fund.

Property taxes are imposed on “assessed value” which is typically lower than real market value. Property tax rates are normally expressed as rates against assessed value. The FY 2018-19 levy of \$163,748,624 required a tax rate of approximately \$1.09 per \$1,000 of taxable real market value, or about 39 percent of the maximum rate permitted by the City Charter. Calculated against assessed value, the levy’s resulting FY 2018-19 required tax rate was approximately \$2.71 per \$1,000 of assessed value. See “PROPERTY TAX INFORMATION” below for more information on the State of Oregon (the “State”) property tax system.

The FPDR property tax levy has been sufficient in all prior years to meet required annual benefit payments and contributions. However, in the event that funding is less than the required payments in any particular year, the FPDR Fund may receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the special property tax levy in the succeeding tax year. In the event that the special property tax levy is insufficient to pay benefits because benefits paid exceed the \$2.80 per \$1,000 of real market value limit, other City funds would be required to make up the difference. See also “FINANCIAL AND OPERATING INFORMATION—PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT PLAN” herein.

FINANCIAL REPORTING

Tables on the following pages are excerpted from the audited financial statements of the FPDR Fund and the FPDR Reserve Fund for the Fiscal Years ending June 30, 2014, through June 30, 2018. A consent of the independent auditor was not requested. The auditor was not requested to perform and has not performed any service in connection with the Notes and is therefore not associated with the offering of the Notes.

Table 4
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Pension Trust Funds⁽¹⁾
Statement of Changes in Fiduciary Net Position⁽²⁾
Generally Accepted Accounting Principles Basis
for Fiscal Year Ended June 30

	Restated 2014	2015	2016	2017	2018
ADDITIONS					
Contributions:					
Property taxes	\$120,013,176	\$122,063,640	\$121,873,222	\$129,111,813	\$144,171,103
Other	662,326	836,964	1,139,449	1,398,352	1,729,054
Total contributions	120,675,502	122,900,632	123,012,671	130,510,165	145,900,157
Net investment income	312,468	294,779	489,153	462,195	869,866
Total additions	120,987,970	123,195,403	123,501,824	130,972,360	146,770,023
DEDUCTIONS					
Benefit payments	114,024,585	117,948,460	122,933,840	130,161,981	139,528,250
Administrative expenses	3,585,476	3,085,925	5,019,573	4,085,645	3,453,210
Total deductions	117,610,061	121,034,385	127,953,413	134,247,626	142,981,460
Change in net position	3,377,909	2,161,018	(4,451,589)	(3,275,266)	3,788,563
Net position – beginning	17,155,015	19,715,924	21,876,942	17,425,353	14,150,087
Restatement per GASB 68	(817,000)	0	0	0	0
Restatement per GASB 75	0	0	0	0	(147,876)
Net position – ending	\$19,715,924	\$21,876,942	\$17,425,353	\$14,150,087	\$17,790,774

(1) Includes Fire and Police Disability and Retirement Fund and Fire and Police Disability and Retirement Reserve Fund.

(2) Information is reported in accordance with Statement of Governmental Accounting Standards No. 63: Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

Source: City of Portland Fire and Police Disability and Retirement Fund and Fire and Police Disability and Retirement Reserve Fund audited financial statements

Table 5
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Pension Trust Funds⁽¹⁾
Statement of Fiduciary Net Assets
As of June 30

	Restated 2014⁽²⁾	2015	2016	2017⁽⁴⁾	2018
Assets					
Current assets					
Cash and investments	\$21,751,684	\$26,199,648	\$22,655,118	\$9,666,080	\$11,353,282
Receivables					
Property tax	8,231,915	7,398,731	6,437,733	7,330,183	9,155,346
Interest	81,686	134,210	181,850	176,052	286,684
Accounts, net	700	17,486	43,082	2,815	5,415
Overpayment recoveries	42,198	31,227	18,911	122,902	103,034
FPDR share of City PERS pension liability	-	282,521	-	-	-
Capital assets	488,069	510,422	496,852	474,360	459,663
OPEB asset, net	-	-	-	-	3,680
Total assets	<u>30,596,252</u>	<u>34,574,245</u>	<u>29,833,546</u>	<u>17,772,392</u>	<u>21,367,104</u>
Deferred outflows of resources					
Deferred outflows – pensions	89,364	94,288	173,025	1,042,944	631,079
Deferred outflows – OPEB	-	-	-	-	18,547
Total deferred outflows	<u>89,364</u>	<u>94,288</u>	<u>173,025</u>	<u>1,042,944</u>	<u>649,626</u>
Liabilities					
Benefits payable	8,925,924	9,407,566	9,882,312	801,081	751,473
Compensated absences	810,727	905,762	1,144,216	1,179,091	874,169
Bonds payable	411,621	384,259	353,225	318,258	279,005
Accrued interest payable	146,940	164,348	183,160	203,503	225,487
Contingent pension liability ⁽³⁾	-	1,325,000	-	-	-
FPDR share of City PERS pension liability	636,052	-	812,094	2,073,029	1,834,325
FPDR share of other post-employment benefits	38,428	39,921	39,636	39,307	196,879
Total liabilities	<u>10,969,692</u>	<u>12,226,856</u>	<u>12,414,643</u>	<u>4,614,269</u>	<u>4,161,338</u>
Deferred inflows of resources					
Deferred inflows – pensions	-	564,755	166,575	50,980	55,006
Deferred inflows – OPEB	-	-	-	-	9,612
	<u>0</u>	<u>564,755</u>	<u>166,575</u>	<u>50,980</u>	<u>64,618</u>
Net Position					
Restricted for pensions	19,715,924	21,876,942	17,425,353	14,150,087	17,790,774
Total net position	<u>\$19,715,924</u>	<u>\$21,876,942</u>	<u>\$17,425,353</u>	<u>\$14,150,087</u>	<u>\$17,790,774</u>

(1) Includes Fire and Police Disability and Retirement Fund and Fire and Police Disability and Retirement Reserve Fund.

(2) Restatement due to implementation of GASB 68.

(3) A contingent liability was booked in fiscal years ending 2012 and 2013 related to litigation. The litigation was resolved in fiscal year ending 2014, and the associated settlement payments are reflected in the FPDR Fund's July 1, 2014 beginning fund balance.

(footnotes continued next page)

- (4) The 2017 and 2018 decline in cash resources and benefits payable was caused by a one-day shift in the payment of July pension benefits, which are normally paid on July 1. Since July 1 was a Saturday in 2017 and a Sunday in 2018, the benefits were instead paid on June 30, resulting in a drop in cash (assets) and benefits payable (liabilities) on June 30 in those years. In 2019 July benefits will resume payment on July 1. Therefore, June 30 cash and benefits payable will resume their usual levels in the current fiscal year.

Source: City of Portland Fire and Police Disability and Retirement Fund and Fire and Police Disability and Retirement Reserve Fund audited financial statements

PROPERTY TAX INFORMATION

Oregon's property tax system is established by statewide statutes and limited by two constitutional amendments created by citizen initiatives. Voter approval is required to authorize new property taxes. Taxes are levied by individual local governments, but are imposed, collected and distributed by the counties in which the local governments are located.

PROPERTY VALUATION

Oregon law requires property to be assessed at its "Assessed Value." Assessed Values are calculated by the county assessor and are based on 90 percent of the Real Market Value of property in FY 1997-98. New and changed property is assigned an Assessed Value based on the Assessed Value of comparable property in the area. Assessed Values cannot increase by more than three percent each year unless the property changes because it is substantially improved, rezoned, subdivided, annexed, or ceases to qualify for a property tax exemption. In addition, Assessed Value cannot exceed Real Market Value.

Permanent tax rate levies and rate-based local option levies are imposed on Assessed Value. If Assessed Value increased, collections from those levies will increase, and if Assessed Values decreased collections from those levies will decrease. Local governments instruct the county assessor to collect a dollar amount for general obligation bond levies and fixed-dollar local option levies; for those levies changes in Assessed Value has little effect on collections. See "**TYPES OF PROPERTY TAXES—Local Option Levies**" below.

"Real Market Value" is the county assessor's estimate of the current market value of property. Real Market Value limits Assessed Value and is often used in Oregon law to set debt limits. However, the primary use of Real Market Value is to determine whether there is Tax Rate Compression. See "**Tax Rate Compression**" below. Some properties such as farm and forestland are assigned special assessments in lieu of Real Market Value that are below Real Market Value to reduce their taxes. In this Official Statement "Market Value" refers to the Real Market Value of properties that are not specially assessed, and to the special assessment value of properties that are specially assessed.

Assessed Value and Real Market Value of certain transportation, communication and utility properties is determined centrally by the State. The Assessed Value and Real Market Value of other property is determined locally by the county assessors.

TYPES OF PROPERTY TAXES

Permanent Tax Rate Levies

The City and other local governments levying taxes for operations in FY 1997-98 received permanent tax rates in connection with the approval of Article XI, Section 11 of the Oregon Constitution. The City has a permanent tax rate of \$4.5770/\$1,000 of Assessed Value. Revenues from imposing the permanent tax rate can be spent for any lawful purpose. Permanent tax rates cannot be increased. Governments that have not levied property taxes in the past may be authorized by their voters to impose new permanent tax rate levies. Permanent tax rate levies are subject to Tax Rate Compression.

Local Option Levies

Oregon law allows voters of local governments to authorize “local option levies.” Local option levies are limited term levies. Local option levies that only finance capital costs can have a term of up to ten years. Local option levies cannot have a term of more than five years if levy revenues are used to finance operating costs. Voters can approve “fixed-rate levies” that permit the government to impose a tax rate each year of the levy, or “fixed-dollar levies” that allow the government to levy a specified dollar amount each year. Local option levies are subject to Special Tax Rate Compression.

City voters renewed a five-year levy for the City’s Children’s Investment Fund at a rate of \$0.4026 per \$1,000 of Assessed Value in May 2018. This local option levy extends for five years through FY 2023-24. See Table 7 for local option levies of other local governments.

The FPDR Levy

The Oregon Constitution allows the City to impose the FPDR levy described in the Charter in addition to other City levies authorized by Oregon law. Other local governments are not authorized to impose similar, additional levies. See “THE FPDR FUND—FPDR PROPERTY TAX LEVY” above. The FPDR levy is subject to Tax Rate Compression as described below. The FPDR levy is not subject to Special Tax Rate Compression, described further below.

General Obligation Bond Levies

Oregon law allows voters of local governments to authorize general obligation bonds to finance capital costs. General obligation bond levies are not subject to Tax Rate Compression.

Special Levies for Urban Renewal Areas

Some urban renewal areas that existed when Measure 50 was adopted are authorized to impose taxes throughout the boundaries of their creating city or county. Special urban renewal levies are subject to Tax Rate Compression. The City has four urban renewal areas with this taxing authority.

TAX RATE COMPRESSION

Article XI, Section 11b of the Oregon Constitution requires that property taxes (other than taxes for general obligation bonds) be divided into two categories: “non-school taxes,” which fund the operations of local governments other than schools, and “school taxes,” which fund operations of the public school system and community colleges. Total non-school taxes on a parcel are not permitted to exceed \$10 per \$1,000 of Real Market Value and total school taxes on a parcel are not permitted to exceed \$5 per \$1,000 of Real Market Value.

If the combined tax rates within a category exceed the rate limit for the category, taxes within the category are reduced until total taxes for the category do not exceed the rate limit for the category. This reduction is called “Tax Rate Compression.” All local option levies are reduced first and proportionally, to zero if required. This reduction of local option levies is called “Special Tax Rate Compression.” If there are no local option levies, or local option levies have been reduced to zero, the remaining taxes in the category are reduced proportionally until total taxes in the category do not exceed the category limit.

Taxes levied to pay general obligation bonds are not subject to Tax Rate Compression.

Article XI, Section 11b of the Oregon Constitution also limits the ability of the City and other local governments to impose certain other charges on property and property ownership.

VOTER APPROVAL

New local option levies, levies for new general obligation bonds (but not refunding bonds), and permanent rate limits for governments that have not previously levied operating taxes must be approved at an election that is held in May or November, or at another election in which not less than 50 percent of the eligible registered voters cast ballots.

COLLECTION

The county tax collectors extend authorized levies, compute tax rates, bill and collect all taxes and make periodic remittances of collections to the city and other taxing districts. County tax collectors also calculate Tax Rate Compression.

Tax collections are segregated into two pools, one for school taxes and one for non-school taxes. Each taxing body shares in its pool on the basis of its tax rate and the Assessed Value of property in its boundaries (after adjustment for Tax Rate Compression), regardless of the actual collection experience for property taxes imposed within each taxing body's boundaries. This causes each taxing body to have the same tax collection rate as other taxing bodies within the county. For example, if the county tax collector collects 90 percent of the property taxes imposed on property in the county, each taxing body will receive 90 percent of the taxes it imposed (after adjustment for Tax Rate Compression).

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

The State operates a property tax deferral program for certain senior or disabled taxpayers. The State pays the deferred taxes to the county assessors when they are due, and the program does not adversely affect city tax collections.

PROPERTY TAX EXEMPTION PROGRAMS

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor. The Portland Development Commission is the local sponsor for the Portland Enterprise Zone program.

Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low income housing, historical property, property located in enterprise zones, and transit-oriented property. The City promotes and administers some of these property tax exemptions, but many exemptions are available to property owners without the consent of the City.

TRENDS IN PROPERTY VALUATION AND TAXATION

The following tables present trends in property valuation and taxation for the City.

Table 6
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values⁽¹⁾
(000s)

Assessed Value					
Fiscal Year	Inside	Outside	Urban Renewal	Total	
Ending	Multnomah	Multnomah	Incremental	Assessed	Percent
June 30	County	County	Value	Value	Change
2010	\$41,109,227	\$211,157	\$7,056,631	\$48,377,015	4.34%
2011	42,160,414	214,998	7,462,728	49,838,140	3.02
2012	43,543,881	215,497	7,493,903	51,253,281	2.84
2013	44,401,735	221,758	7,875,076	52,498,569	2.43
2014	45,913,168	228,953	8,210,399	54,352,520	3.53
2015	47,828,360	239,309	8,704,286	56,771,955	4.45
2016	49,745,000	245,505	9,362,187	59,352,691	4.55
2017	52,757,989	255,063	9,355,762	62,368,814	5.08
2018	54,835,805	264,657	10,586,196	65,686,658	5.32
2019	52,077,578	273,848	15,728,117	68,079,543	3.64

Market Value (Measure 5)⁽²⁾				
Fiscal Year	Inside	Outside	Total Market	
Ending	Multnomah	Multnomah	Value	Percent
June 30	County	County		Change
2010	\$88,691,826	\$330,284	\$89,022,110	-1.48%
2011	86,062,318	312,362	86,374,680	-2.97
2012	80,872,627	290,808	81,163,435	-6.03
2013	79,611,406	284,830	79,896,236	-1.56
2014	83,745,200	299,696	84,044,896	5.19
2015	92,289,836	328,499	92,618,336	10.20
2016	102,284,607	343,534	102,628,140	10.81
2017	120,400,957	384,569	120,785,526	17.69
2018	137,071,252	411,389	137,482,641	13.82
2019	149,246,036	446,118	149,692,154	8.88

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

(2) Measure 5 Market Values are not calculated separately for urban renewal incremental value by the county assessor. Market Value reported in this table is "Measure 5 Value," which represents the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full real market value. In FY 2018-19, the Measure 5 Market Value of City of Portland properties within Multnomah County represented about 82 percent of full real market value.

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

Table 7
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2018-19
Levy Code 201⁽¹⁾

Taxing District	Permanent Tax	Local Option and	General	Total Tax Rate
	Rate	Other Tax	Obligation Debt	
	Per \$1,000 A.V.	Rates⁽²⁾	Tax Rate	Per \$1,000 A.V.
	Per \$1,000 A.V.	Per \$1,000 A.V.	Per \$1,000 A.V.	Per \$1,000 A.V.
City of Portland	\$4.5770	\$3.1089	\$0.2937	\$7.9796
Urban Renewal Special Levy	0.0000	0.2203	0.0000	0.2203
Multnomah County	4.3434	0.0500	0.0000	4.3934
Multnomah County Library	1.2000	0.0000	0.0000	1.2000
Metro	0.0966	0.0960	0.2801	0.4727
Port of Portland	0.0701	0.0000	0.0000	0.0701
East Multnomah Soil & Conservation	0.0956	0.0000	0.0000	0.0956
Subtotal - General Government	10.3827	3.4752	0.5738	14.4317
Portland School District	5.2781	1.9900	2.4890	9.7571
Portland Community College	0.2828	0.0000	0.4046	0.6874
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
East Multnomah Soil & Conservation	0.0044	0.0000	0.0000	0.0044
Subtotal - Schools	6.0229	1.9900	2.8936	10.9065
Totals	\$16.4056	\$5.4652	\$3.4674	\$25.3382

(1) Levy code area 201 includes approximately 37 percent of the City's assessed value, and is the largest levy code area within the City.

(2) Includes the FPDR levy, the City children's local option levy, the Metro natural areas local option levy, the Multnomah County historical society levy, and the Portland Public Schools local option levy. Does not include impact of urban renewal division of tax rates. Note that unlike local option levies, the FPDR levy is not subject to "Special Tax Rate Compression." See "PROPERTY TAX INFORMATION—TAX RATE COMPRESSION" herein.

Source: Multnomah County Division of Assessment, Recording and Taxation

State statutes limit taxes on any property to \$10 per \$1,000 of real market value for general government and \$5 per \$1,000 of real market value for education. If the amount of taxes to be raised, calculated by multiplying tax rates in each category by the assessed value of a property, exceeds these limits, then the tax burden for that property is reduced to fit within the limits. See "PROPERTY TAX INFORMATION—TAX RATE COMPRESSION" herein.

The following table provides a ten-year history of Tax Rate Compression for the City's general levy and Fire and Police Disability and Retirement levy.

Table 8
CITY OF PORTLAND, OREGON
Historical Trends in Tax Rate Compression⁽¹⁾

Fiscal Year Ending June 30	Taxes to Raise⁽²⁾⁽³⁾	Loss due to Compression and Other Factors	Percent Loss	Taxes Imposed⁽⁴⁾
2010	\$314,065,487	\$(9,943,163)	3.2%	\$304,122,325
2011	323,076,449	(11,822,996)	3.7	311,253,452
2012	324,830,012	(15,998,964)	4.9	308,831,048
2013	339,036,075	(21,536,768)	6.4	317,499,307
2014	359,304,753	(34,707,746)	9.7	324,597,007
2015	370,294,495	(27,485,079)	7.4	342,809,417
2016	377,363,933	(21,084,537)	5.6	356,279,396
2017	394,629,327	(18,270,182)	4.6	376,359,145
2018	421,756,068	(19,735,622)	4.7	402,020,446
2019	438,679,135	(19,350,654)	4.4	419,328,481

(1) Taxes shown are for the City's permanent rate levy and its FPDR levy. Results shown are taxes collected by the City from properties in Multnomah County only. The City also collects taxes from properties located in Washington and Clackamas Counties; historically, taxes from these counties represent less than one percent of total taxes.

(2) Before Tax Rate Compression.

(3) Includes small losses due to miscellaneous adjustments made by the county assessor.

(4) Before losses due to delinquencies and discounts.

Source: Multnomah County Division of Assessment, Recording and Taxation

Table 9
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years

Fiscal Year			
Ending	Total	Collected	Collected as of
June 30	Levy (000)⁽¹⁾	Yr. of Levy⁽²⁾	12/31/2018⁽²⁾
2010	\$436,246	96.8%	100.0%
2011	445,239	97.1	100.0
2012	445,044	96.8	99.8
2013	452,453	97.2	100.0
2014	467,516	97.3	99.9
2015	490,540	97.6	100.0
2016	516,334	97.8	99.7
2017	551,135	98.0	99.6
2018	600,155	98.4	99.1
2019 ⁽³⁾	634,371	92.2	92.2

- (1) Amount levied is collected for all counties (Multnomah, Washington, and Clackamas). Includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Tax Rate Compression.
- (2) Tax collection percentages are for Multnomah County only, which represents approximately 99.6% of the City's Assessed Value. Collections are calculated as payments received less adjustments for cancellation of taxes and allowed discounts, plus taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy. Discounts associated with the FY 2017-18 tax levy represented about 2.6% of that year's levy. Discounts effectively reduce the amount of a fiscal year's levy remaining to be collected in future years.
- (3) Partial year collections.

Source: Multnomah County Division of Assessment, Recording and Taxation and City of Portland

Table 10
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Property in Multnomah County⁽¹⁾
by Property Type (FY 2018-19)

Property Type	Assessed Value	Percent of Total	Market Value (Measure 5)	AV/RMV Ratio
Real Property				
Residential	\$40,290,912,720	59.4%	\$86,988,334,500	46.3%
Commercial/Industrial (County Assessed)	14,231,675,460	21.0	38,534,385,031	36.9
Industrial (State Assessed)	496,650,230	0.7	536,998,520	92.5
Multiple Family Housing	4,995,390,750	7.4	14,944,357,470	33.4
Other	58,807,780	0.1	104,923,950	56.0
Subtotal	\$60,073,436,940	88.6%	\$141,108,999,471	
Personal Property	\$2,409,954,870	3.6%	\$2,443,384,630	98.6%
Machinery and Equipment	1,206,282,620	1.8	1,216,072,190	99.2
Manufactured Property	93,357,150	0.1	183,560,900	50.9
Utilities	4,022,662,790	5.9	4,294,018,824	93.7
Total	\$67,805,694,370	100.0%	\$149,246,036,015	

(1) Excludes Clackamas and Washington County resulting in differences from other tables reporting Assessed Value and Real Market Value in this Official Statement.

Source: Multnomah County Division of Assessment, Recording and Taxation

Table 11
CITY OF PORTLAND, OREGON
Top Ten Property Taxpayer Accounts⁽¹⁾

Taxpayer Account	Type of Business	FY 2019 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		\$68,079,542,502	100.00%
Alaska Airlines Inc.	Airline	487,260,400	0.72
Portland General Electric Co.	Energy	399,732,120	0.59
CenturyLink	Communications	394,638,000	0.58
PacifiCorp (PP&L)	Energy	356,135,000	0.52
Weston Investment Co. LLC	Real estate (office)	267,517,630	0.39
AT&T Inc.	Communications	244,586,400	0.36
Southwest Airlines	Airline	232,662,700	0.34
Comcast	Communications	197,228,200	0.29
CAPREF Lloyd Center LLC	Real estate (retail)	188,068,990	0.28
Delta Air Lines	Airline	183,100,000	0.27
Total		\$2,950,929,440	4.33%

(1) Excludes Assessed Value of various properties totaling approximately \$632.7 million that are owned and leased by the Port of Portland to various tenants but subject to property taxation.

Source: Multnomah County Division of Assessment, Recording and Taxation

FINANCIAL AND OPERATING INFORMATION

FISCAL YEAR

July 1 to June 30.

BASIS OF ACCOUNTING

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

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination be made of the accounts and financial affairs of every municipal corporation at least once each year. The audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy. Moss Adams LLP has performed auditing services for FY 2002-03 through FY 2017-18.

A complete copy of the City's FY 2017-18 audit is available on the EMMA system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org>. Excerpts of the City's audited financial statements for the General Fund on a GAAP basis are found in Appendix B attached hereto.

FINANCIAL REPORTING

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

GENERAL FUND

Overview

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

No Material Liens

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

General Fund Revenues

Major categories of revenues that are accounted for in the General Fund are described below. Table 12, excerpted from the City's annual financial statements, presents a Schedule of Revenues and Expenditures on a budgetary basis.

Taxes. Taxes consist of two categories: property taxes and transient lodging taxes. Property taxes constitute the largest revenue source, representing 40.4 percent of total General Fund revenues in FY 2017-18. Property taxes consist of current year and prior years' property taxes collected from the City's \$4.5770/\$1,000 permanent rate levy (\$245.4 million). See "PROPERTY TAX INFORMATION" herein.

The transient lodging tax is a tax on transient lodgers, which are daily or weekly renters at hotels, motels and other lodging establishments. The tax rate within Multnomah County currently is 11.5 percent. Of the 11.5 percent transient lodging tax collected within the City, 6.0 percent is allocated to the City, with 5.0 percent going to the City's General Fund and 1.0 percent going to Travel Portland (formerly the Portland Visitors Association). The remaining 5.5 percent is allocated to Multnomah County. Transient lodging taxes were 5.7 percent of General Fund revenues in FY 2017-18, or \$34.8 million.

Licenses and Permits. Licenses and permits represented \$223.1 million, or 36.7 percent of the General Fund revenues, in FY 2017-18. Within this category are business license fee revenues collected from firms doing business within the City. The City's business license fee is based upon net apportioned income, and must be paid in advance for each year of business. Utility license fees, which are paid by public utilities such as electric, natural gas, communications, and cable providers, doing business in Portland, are another major revenue source. Additionally, utility license fee revenues are derived from fees charged to their customers by the City's water and sewer utilities.

Intergovernmental Revenues. Intergovernmental revenues (5.9 percent of the FY 2017-18 General Fund revenues, or about \$35.9 million) consist largely of State-shared revenues (including taxes on cigarettes and liquor), and also include revenues from Multnomah County and other local governments for their shares of expenses of specific programs or activities that are administered by the City. The City (along with the State and Multnomah County) also receives a share of revenues from traffic court fines, classified as local shared revenues.

Charges for Services. Charges for services were \$27.2 million, or 4.5 percent of General Fund revenues in FY 2017-18. This category includes rents and reimbursements received for use of City-owned property such as City Hall and other facilities, and parks and recreation facilities fees.

Other Sources. The General Fund receives revenues from a variety of other sources. Approximately 5.7 percent of its revenues are received from City bureaus and agencies related to specific services that are paid from this fund. Other sources include investment earnings and intrafund revenue.

Table 12
CITY OF PORTLAND, OREGON
General Fund Statement of Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
REVENUES					
Taxes					
Current/prior year property taxes	\$196,641,917	\$210,759,067	\$224,778,855	\$235,913,405	\$245,416,138
Lodging taxes	22,317,995	27,006,075	33,070,664	32,849,121	34,768,146
Payment in lieu of taxes				925,534	1,420,541
Total taxes	218,959,912	237,765,142	257,849,519	269,688,060	281,604,825
Licenses and permits:					
Business licenses, net	81,020,111	97,883,936	109,191,833	117,864,765	134,322,893
Public utility licenses	80,934,161	81,864,957	84,551,294	89,935,334	83,525,983
Other	5,926,077	5,132,236	5,235,519	5,577,313	5,215,313
Total licenses and permits	167,880,349	184,881,129	198,978,646	213,377,412	223,064,189
Intergovernmental					
Federal cost sharing	412,646	234,784	176,437	236,325	150,216
State sources	15,158,113	15,847,105	16,509,707	17,380,938	24,737,256
County sources	2,233,646	2,413,115	2,267,527	2,393,143	2,311,929
Local sources	9,396,013	9,968,546	10,854,187	8,756,516	8,660,737
Total intergovernmental	27,200,418	28,463,550	29,807,858	28,766,922	35,860,138
Charges for services:					
Rents and reimbursements	4,738,380	4,686,789	4,831,542	4,866,766	4,892,848
Parks and recreation facilities fees	11,222,573	12,619,131	12,367,535	11,946,886	12,937,070
Other	4,075,303	5,121,560	6,339,729	8,815,781	9,329,902
Total charges for services	20,036,256	22,427,480	23,538,806	25,629,433	27,159,820
Billings to other funds for services	22,652,985	23,697,573	26,099,803	28,438,210	34,536,614
Billings to other funds for General/overhead charges ⁽¹⁾	26,820,138	22,631,517	24,212,401	-	-
Other	4,555,266	4,716,135	4,666,567	4,515,443	5,500,205
TOTAL REVENUES	\$488,105,324	\$524,582,526	\$565,153,600	\$570,415,480	\$607,725,791

(table continued next page)

Table 12 (continued)
CITY OF PORTLAND, OREGON
General Fund Statement of Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
EXPENDITURES					
Public Safety	263,575,204	283,790,905	296,280,704	307,805,057	331,798,800
Parks, Recreation and Culture	62,880,816	69,099,478	77,334,972	81,809,345	87,631,347
Community Development	31,941,264	36,809,631	45,307,344	52,748,842	56,742,601
Legislative/Admin. Support Services	77,082,813	78,552,089	78,308,815	81,481,873	88,403,391
Debt service and related costs	6,824,590	7,452,062	8,190,788	8,991,917	9,856,184
Capital Outlay	684,239	-	-	-	-
TOTAL EXPENDITURES	442,988,926	475,704,165	505,422,623	532,837,034	574,432,323
Revenues Over/(Under) Expenditures	45,116,398	48,878,361	59,730,977	37,578,446	33,293,468
OTHER FINANCING SOURCES/(USES)					
Transfers from other funds ⁽¹⁾⁽²⁾	10,936,309	4,850,709	1,466,330	30,386,589	29,574,815
Transfers to other funds	(48,217,980)	(43,415,208)	(63,100,264)	(59,517,702)	(56,704,740)
Internal loan proceeds/remittances	(136,491)	(1,323,735)	-	-	-
Sale of capital asset	-	300	1,188	5,463	-
TOTAL OTHER FINANCING SOURCES/(USES)	(37,418,162)	(39,887,934)	(61,632,746)	(29,125,650)	(27,129,925)
Net Change in Fund Balance	7,698,236	8,990,427	(1,901,769)	8,452,796	6,163,543
Beginning Fund Balance, Budgetary Basis	29,369,078	37,067,314	46,057,741	44,155,972	52,608,768
Ending Fund Balance, Budgetary Basis	\$37,067,314	\$46,057,741	\$44,155,972	\$52,608,768	\$58,772,311
Adjustments to GAAP basis:					
General Reserve Fund budgeted as separate fund	\$60,077,408	\$58,885,208	\$56,495,175	\$58,916,535	\$60,757,082
Campaign finance budgeted as separate fund	-	-	-	-	242,441
Internal loans	695,000	725,000	224,724	375,880	339,717
Unrealized gain (loss) on investments	152,182	125,955	408,673	(219,573)	(1,001,976)
Inventories	299,864	286,027	270,633	252,251	365,483
Internal loans payable	(1,323,735)	-	-	-	-
Ending Fund Balance, GAAP basis	\$96,968,033	\$106,079,931	\$101,555,177	\$111,933,861	\$119,475,058

(1) Beginning in FY 2016-17, general fund overhead is reported in the category "OTHER FINANCING SOURCES/(USES)—Transfers from other funds" to align the financial statements presented in the Comprehensive Annual Financial Report with the City's budgetary presentation.

(2) Beginning in FY 2013-14, utility license fees generated from sewer and water are now included in the Public Utility License category instead of as a transfer from the Sewer Operating Fund and the Water Fund.

Source: City of Portland

CITY BUDGET PROCESS

The City prepares annual budgets for all its bureaus and funds in accordance with provisions of Oregon Local Budget Law. The law provides standard procedures for the preparation, presentation, administration, and public notice for public sector budgets. At the outset of the process, the Mayor or the full City Council reviews overall goals, establishes priorities, and provides direction to bureaus. The City Council conducts an extensive public information process to obtain direct public input on City service priorities, and most bureaus include key stakeholders in developing their budget requests.

In addition to this public outreach process, in January 2014, the City Council approved a five-year contract with the Citizens' Utility Board of Oregon (the "CUB"), an independent consumer advocacy nonprofit organization, to provide input regarding the City's water and sewer bureaus on behalf of residential customers. The CUB provides recommendations to the City Council on capital spending, rates, and customer service issues. On June 10, 2015, the City Council approved creation of the Portland Utility Board, a new citizen oversight panel that replaced the Portland Utility Review Board and budget advisory committees for the Portland Water Bureau and Bureau of Environmental Services. The Portland Utility Board, which is staffed by a dedicated financial analyst, advises the City Council regarding operations of the two utility bureaus, including development of bureau budgets and financial plans, capital spending, and rate setting.

A five-year General Fund financial forecast, which serves as the basis for determining resources available for budgeting, is also provided to the City Council along with budget requests. Major City bureaus generally prepare and submit five-year financial plans and Capital Improvement Plans. The City Budget Office, which was created by the City Council in December 2012, coordinates the budget development process.

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

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

INSURANCE

The City is exposed to various risks of loss related to theft, damage and destruction of assets, tort claims (general and fleet liability), injuries to employees, acts of terrorism, and natural disasters. The City is self-insured for workers' compensation, fleet and general liability claims and certain employees' medical coverage in internal service funds.

The City estimates liability for incurred losses for reported and unreported claims for workers' compensation, general and fleet liability and employee medical coverage (included in accrued self-insurance claims in the combined statement of net position). Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Division and independent actuarial studies. Liabilities are based on an estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors. The estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ended June 30, 2018, the expected rate of return used was 1.35 percent. For fiscal year ending June 30, 2019, and subsequent years, the expected rate of return used was 1.8 percent and 2.25 percent respectively. The Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage deemed as adequate, appropriate, and actuarially sound. It meets all the City's anticipated settlements, obligations and outstanding liabilities. An excess liability coverage insurance policy covers individual claims in excess of \$1 million to policy limits, police law enforcement claims in excess of \$2.5 million for claims occurring after November 12, 2013, to policy limits and an excess workers' compensation coverage insurance policy covers claims in excess of \$850,000 for occurrences after July 1, 2012. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance fund. The City's limits of coverage on the excess liability policy is \$10 million per claim above the self-insurance retention for covered torts. The City does not have any claims reserved above the current self-insurance retention and excess layer. In the City's last three excess renewals, there have been no material changes in retention, coverage or conditions. Furthermore, current levels of accrued claims and case reserve estimates are viewed as reasonable provisions for expected future losses.

Per ORS 30.272 limitations on liability of public bodies for personal injury to any single claimant for causes of action arising on or after July 1, 2018, and before July 1, 2019, limitations are \$727,200 for single claimant and \$1.454 million for multiple claimants. For causes of action arising on or after July 1, 2019 limits increased to \$749,000 for a single claimant and \$1.498 for multiple claimants.

Per ORS 30.273 limitations on liability of public bodies for property damage arising on or after July 1, 2018 and before July 1, 2019, limitations increase to \$119,300 for single claimant and \$596,400 for multiple claimants. For causes of action arising on or after July 1, 2019, limits increased to \$122,900 for single claimants and \$614,300 for multiple claimants.

Liabilities are reported in the applicable fund when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated for effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether any are allocated to specific claims. Estimated recoveries, from salvage or subrogation for example, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Balance, beginning of fiscal year	\$28,068,818	\$26,796,392
Incurred claims and adjustments	64,839,071	60,331,926
Claim cash payments	(61,186,489)	(59,059,500)
Unpaid claims, end of fiscal year	<u>\$31,721,400</u>	<u>\$28,068,818</u>

CYBERSECURITY

The City, like other large public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the City has invested in multiple forms of cybersecurity and operational safeguards, including adopting the National Institute of Standards and Technology Cybersecurity Framework to support, maintain, and prioritize securing critical infrastructure and data systems, manage risk, and improve cybersecurity event detection and remediation. Under the leadership of the City's Chief Information Security Officer, the City's Bureau of Technology Services has established a cybersecurity team which is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and

regulatory requirements, and which aligns with and supports the cybersecurity risk posture of the City. Additionally, all information security related standards, policies and administrative rules are reviewed annually.

As a recipient and provider of personal and confidential information, the City has been the subject of cybersecurity incidents that have resulted in, or could have resulted in, adverse consequences to the City's confidential information and technologies and that required a response action to mitigate potential consequences. For example, during 2018, the City was subject to several phishing attacks against our Microsoft-hosted email system which briefly disrupted some email services and exposed several employee e-mail accounts to unauthorized entities or individuals. The scope of impact was limited to a small number of accounts and the attacks were quickly contained and mitigated. The City has no evidence that any City or individual's confidential information was exfiltrated, but there is a possibility of exfiltration. The City has thoroughly investigated these incidents and where appropriate, has offered the potentially impacted individuals a year of free credit monitoring. Since the occurrence of those attacks, the City has implemented additional information security controls to reduce the likelihood of success of future phishing attacks.

The City's cybersecurity and operational safeguards are periodically internally tested and assessed by external auditors, however the City cannot assure that these measures will prevent all potential cybersecurity attacks, and accompanying disruptions and costs. To offset some of the potential financial costs and risks associated with a breach, the City's Risk Management Division is obtaining a cyber-liability insurance policy.

LABOR RELATIONS

The City employs approximately 6,637 full-time equivalent personnel. Of these, 4,554 are represented by collective bargaining units.

The City is currently negotiating successor agreements with the Portland Fire Fighters Association and the Bureau of Emergency Communications. Each of the current agreements expired on June 30 of this year. Neither union is permitted to strike, but each has the option of taking contract negotiations to binding arbitration.

Table 13
CITY OF PORTLAND, OREGON
Bargaining Units and Contract Status

Collective Bargaining Unit	Number of Employees⁽¹⁾	Contracts & MOUs Expire
District Council of Trade Unions (DCTU) ⁽²⁾	1,173	June 30, 2020
Portland Police Association	830	June 30, 2020
Professional and Technical Employees Local 17	836	June 30, 2021
Portland Fire Fighters Association	653	June 30, 2019 ⁽³⁾
Laborers' International Union of North America Local 483 - Portland City Laborers	630	June 30, 2021
Laborers' International Union of North America Local 483 - Parks and Recreation	204	June 30, 2021
Bureau of Emergency Communications - PPA	108	June 30, 2019 ⁽³⁾
Laborers' International Union of North America Local 483 - Seasonal Maintenance Workers	91	June 30, 2022
Portland Police Commanding Officers Association (PPCOA)	29	June 30, 2022

(1) Number of employees refers to number of filled full-time equivalent positions.

(2) DCTU includes DCTU IBEW Local 48; DCTU- Auto Mechanics, District Lodge 24; DCTU-Operating Engineers Local 701; DCTU-Painters and Allied Trades, District Council 5; and DCTU Plumbers Local 290.

(3) Currently in negotiation.

Source: *City of Portland*

PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Overview

The Oregon Public Employees Retirement System (“PERS” or “the Statewide PERS System”) provides statewide defined benefit retirement plans for units of state government, political subdivisions, community colleges, and school districts. Most public employers in Oregon, including the City, participate in PERS. PERS is administered under ORS Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a) by the Public Employees Retirement Board (the “PERS Board”). The PERS Board is responsible for setting policies and for providing administrative direction to PERS. Benefits provided through PERS are paid from the Oregon Public Employees’ Retirement Fund (“OPERF”). PERS is a cost-sharing, multiple-employer public employee retirement system.

City employees (other than certain fire and police personnel), after six months of employment, participate in one of three retirement pension benefit programs provided through PERS as described below. The three PERS pension programs include two closed defined benefit programs and one program that has features of both defined benefit and defined contribution plans. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of participating employer contributions (determined by the PERS Board based upon the results of actuarial valuations), investment earnings and employee-paid contributions (currently, for the City, six percent of salaries and nine percent for police and fire employees) fund these pension programs. See “—Employer Contribution Rates and Amounts” and “—PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT FUND” below.

Benefit Programs

Employees hired before January 1, 1996, are known as “Tier 1” participants. The retirement benefits applicable to Tier 1 participants are based on a defined benefit model. Tier 1 has a normal retirement age of 58 and, effective January 1, 2018, an assumed earnings rate guarantee of 7.20 percent. PERS maintains a “Tier One Rate Guarantee Reserve” which is credited with investment earnings in excess of the assumed earnings rate guarantee and used to offset the effects of investment earnings below the assumed earnings rate guarantee. As of June 30, 2018, the balance of this reserve was \$448.8 million. As of June 30, 2018, there were 21,392 active plan members, 127,501

retired plan members or their beneficiaries currently receiving benefits, 8,782 inactive plan members entitled to but not yet receiving benefits, and 3,631 inactive members eligible for the refund value of their accounts only, for a total of 161,306 Tier One members in the Statewide PERS System.

Employees hired on or after January 1, 1996, and before August 29, 2003, are known as “Tier 2” participants. The Tier 2 program also provides a defined benefit but with lower expected costs to employers than under the Tier 1 benefit. There is no assumed earnings rate guarantee and Tier 2 has a higher normal retirement age of 60. As of June 30, 2018, there were 35,136 active plan members, 13,908 retired plan members or their beneficiaries currently receiving benefits, 6,902 inactive plan members entitled to but not yet receiving benefits, and 8,359 inactive members eligible for the refund value of their accounts only, for a total of 64,305 Tier 2 members in the Statewide PERS System.

Employees hired on or after August 29, 2003, are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the “T1/T2 Pension Programs”) known as the Oregon Public Service Retirement Plan (“OPSRP”). OPSRP consists of a defined benefit plan and also offers the Individual Account Program (“IAP”), which offers a defined contribution benefit. As of June 30, 2018, there were 119,469 active plan members, 4,454 retired plan members or their beneficiaries currently receiving benefits, 5,013 inactive plan members entitled to but not yet receiving benefits, and 13,306 inactive plan members not eligible for refund or retirement, for a total of 142,242 OPSRP Pension Program members.

Apportionment of City Assets and Liabilities

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

Employer Asset Valuation and Liabilities

Oregon statutes require an actuarial valuation of the Statewide PERS System by a competent actuary at least once every two years. The current PERS actuary is Milliman, Inc. (“Milliman”). Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates that employers will be required to pay to fund the obligations of T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account Plan (“RHIA”). For a description of RHIA, see “OTHER POST-EMPLOYMENT RETIREMENT BENEFITS (“OPEB”)” below. Valuations are released approximately one year after the valuation date.

An employer’s unfunded actuarial liability (“UAL”) is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits. The following table shows certain methods and assumptions adopted by the PERS Board, which are the basis for the actuarial valuations.

Table 14
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Actuarial Assumptions and Methods

ASSUMPTION/METHOD	2014 & 2015 VALUATIONS	2016 & 2017 VALUATIONS ⁽¹⁾
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
UAL Method: T1/T2 Programs	Level Percentage of Payroll over 20 years (fixed)	Unchanged
OPSRP	Level Percentage of Payroll over 16 years (fixed)	Unchanged
Asset Valuation Method:	Market Value ⁽²⁾	Unchanged
Investment Rate of Return:	7.50%	7.20%
Payroll Growth Rate:	3.50%	Unchanged
Inflation Level:	2.50%	Unchanged
Contribution Rate Stabilization Method:	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 70% and 130%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases in increments between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater.	Unchanged

- (1) Assumptions and methods adopted by the PERS Board on July 28, 2017, that apply to actuarial valuations as of December 31, 2016, and December 31, 2017.
- (2) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

Source: Oregon Public Employees Retirement System

As with all previous July meetings during each odd-numbered year, the PERS Board is expected to consider and adopt the actuarial methods and assumptions, including potential changes to the investment rate of return, to be used in connection with the December 31, 2018 and December 31, 2019 actuarial valuations. Any changes adopted by the PERS Board to such methods and assumptions will not impact the City's employer contribution rates for the 2019-21 biennium, during which the Notes mature. See "Employer Contribution Rates and Amounts" below.

Milliman released its 2015 valuation for the Statewide PERS System as of December 31, 2015, (the "2015 System Valuation") on September 27, 2016, its 2016 valuation for the Statewide PERS System as of December 31, 2016 (the "2016 System Valuation") on December 6, 2017, and its 2017 valuation for the Statewide PERS System as of December 31, 2017 (the "2017 System Valuation") on September 28, 2018. These reports include system-wide actuarial valuations for the T1/T2 Pension Programs and OPSRP.

Milliman released the City's individual 2015 valuation report as of December 31, 2015, (the "2015 City Report") on October 11, 2016, its individual 2016 valuation as of December 31, 2016, (the "2016 City Report") on December 7, 2017, and its 2017 valuation as of December 31, 2017, (the "2017 City Report") on October 17, 2018. These valuation reports provide the City's portion of (a) the SLGRP based on the City's proportionate share of the total SLGRP covered payroll as of the valuation date, (b) OPSRP based on the City's proportionate share of total OPSRP covered payroll as of the valuation date, and (c) the RHIA based on the City's proportionate share of the total RHIA covered payroll as of the valuation date.

The tables below provide historical summary valuation information for the Statewide PERS System and for the City.

Table 15
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Summary of Statewide PERS System Funding Levels
(\$ in Millions)⁽¹⁾

STATEWIDE PERS SYSTEM				
Calendar Year	Actuarial Value of Assets⁽²⁾	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio (%)
2008	\$38,386.1	\$54,259.5	\$15,873.4	70.7
2009	43,238.8	56,810.6	13,571.8	76.1
2010	46,004.4	59,329.5	13,325.1	77.5
2011	43,238.8	61,198.4	17,959.6	76.1
2012 ⁽³⁾	49,265.9	60,405.2	11,139.3	81.6
2013 ⁽³⁾	54,090.1	62,593.6	8,503.5	86.4
2014 ⁽⁴⁾	55,518.2	73,458.9	17,940.7	75.6
2015	54,365.8	76,196.6	21,830.8	71.3
2016	55,670.2	80,970.3	25,300.1	68.8
2017	61,764.9	84,056.1	22,291.2	73.5

- (1) Composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA.
(2) Does not take into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts
(3) Reflects the legislative changes enacted by the Oregon Legislative Assembly in 2013 (the “2013 PERS Bills”) to reduce future benefit payments, resulting in a reduction of the PERS unfunded actuarial liability by approximately \$5 billion.
(4) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.

Source: Oregon Public Employees Retirement System

Table 16
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Summary of City Funding Levels
(\$ in Millions)⁽¹⁾

Calendar Year	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio (%)
2008	\$1,280.6	\$1,539.9	\$259.2	83.2
2009	1,424.0	1,606.0	182.0	88.7
2010	1,499.8	1,672.5	172.7	89.7
2011	1,459.0	1,724.2	265.3	84.6
2012 ⁽²⁾	1,624.8	1,744.3	119.5	93.2
2013 ⁽²⁾	1,762.8	1,804.7	41.9	97.7
2014 ⁽³⁾	1,844.1	2,210.1	366.0	83.4
2015	1,820.6	2,335.5	514.9	78.0
2016	1,891.4	2,540.2	648.8	74.4
2017	2,171.1	2,776.3	605.2	78.2

- (1) Composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA. City information is calculated separately for the SLGRP and OPSRP using the City's payroll as a percentage of combined payroll of the respective rate pools. SLGRP values include pre-SLGRP and transition liabilities/surpluses created when the City joined the prior local government rate pool and the SLGRP.
- (2) Reflects the 2013 PERS Bills, which reduced future benefit payments, resulting in a reduction of the PERS unfunded actuarial liability by approximately \$5 billion.
- (3) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills

Source: Oregon Public Employees Retirement System

The following table presents a history of the City's member payroll, unfunded actuarial liability and ratio of unfunded actuarial liability to payroll.

Table 17
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
City Payroll for PERS Members and Unfunded Actuarial Liability

Calendar Year	Payroll	Unfunded Actuarial Liability	Unfunded Liability to Payroll Ratio
2008	\$289,371,762	\$259,241,423	90%
2009	303,851,551	182,019,126	60%
2010	307,538,429	172,726,579	56%
2011	303,508,135	265,267,189	87%
2012	311,688,601	119,477,128	38%
2013	313,291,592	41,882,231	13%
2014	335,113,826	365,964,877	109%
2015	350,158,915	514,861,639	147%
2016	362,850,562	648,861,639	179%
2017	384,409,335	605,231,941	157%

Source: Oregon Public Employees Retirement System

The funded status of the pension programs may change depending on the market performance of the securities that the OPERF is invested in, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. Additionally, the market value of the investments held in the OPERF is determined using various sources.

State Investment Policy

The Oregon State Treasury is the investment officer for the State. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council (“OIC”) establishes policies for the investment and reinvestment of moneys in PERS investment funds. Policies are established based on the primary investment asset class of each investment manager. The OIC has approved the following asset classes for the OPERF: Short-Term Investing, Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, OPERF invests in the Opportunity Portfolio, which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. The target investment portfolio mix at fair market value was revised at the OIC meeting of June 3, 2015, and currently is 37.5 percent public equity, 17.5 percent private equity, 20 percent debt securities, 12.5 percent real estate, and 12.5 percent alternative equity.

The following table presents a 10-year history of investment returns for the OPERF.

Table 18
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Oregon PERS Investment Returns⁽¹⁾

Fiscal Year	Net
Ending June 30	Returns (%)
2009	-22.3
2010	17.0
2011	22.3
2012	1.6
2013	12.7
2014	16.6
2015	4.3
2016	1.2
2017	11.9
2018 ⁽²⁾	9.4

(1) Total fund performance, excluding variable account.

(2) The Oregon Investment Council has reported that for the calendar year ending December 31, 2018, net returns were 0.5%. See “—Recent Developments Related to PERS” herein.

Source: Oregon Public Employees Retirement Fund System Comprehensive Annual Financial Report for the fiscal years ended June 30, 2009 through June 30, 2018

The following table presents annualized investment returns over the most recent 1-year, 3-year and 5-year periods. Calculations were prepared using a time-weighted rate of return based on market rates in accordance with the Global Investment Performance Standards performance presentation standards.

Table 19
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Annualized Investment Results⁽¹⁾

Periods Ending June 30, 2018	Annualized		
	1-Year	3-Year	5-Year
Total Portfolio, Excluding Variable	9.4%	7.5%	8.6%

(1) Total fund performance, regular account. Excludes variable account.

Source: Oregon Public Employees Retirement Fund System Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018

Employer Contribution Rates and Amounts

The PERS Board is required by State statute to determine liabilities of the Statewide PERS System from time to time and to set contributions of participating employers at a level that ensures liabilities of the Statewide PERS System will be funded no more than 40 years after the date on which the determination is made. ORS 238.225 requires participating public employers to pay the amounts the PERS Board determines to be actuarially necessary to fund benefits provided to employees.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates are based upon the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including known and anticipated investment performance of the OPERF.

At the end of each odd-numbered year, actuarial valuations determine the employer contribution rates that are officially set by the PERS Board. All employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. The City’s employer contribution rates were derived using a rate stabilization methodology (the “Rate Collar”) designed to cap rate increases and reduce large fluctuations in employer contribution rates. Such rate increases are shifted to future biennia. See Table 14 for a summary of the Rate Collar in effect. Because of the Rate Collar, the PERS Board-approved employer contribution rates for some employers, including the City, are currently less than the actuarially required contribution (“ARC”).

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

The table below shows the City’s employer contribution rates for the 2017-19 biennium that ended on June 30, 2019. The table also shows the City’s current employer adopted rates for the 2019-21 biennium that began on July 1, 2019, as reported in the 2017 System Valuation. The rates reported in the table do not include the six percent and nine percent employee contribution rates for contributions to the IAP paid by the City.

Table 20
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Employer Contribution Rates for the City
Percentage of Covered Payroll⁽¹⁾⁽²⁾

Payrolls Paid	Current Rates 2017-2019	Adopted Rates 2019-21
T1/T2	17.62%	21.86%
OPSRP General Services	10.69	15.53
OPSRP Police and Fire	15.46	20.16

(1) Includes contribution rates to fund RHIA. See “OTHER POST-EMPLOYEE RETIREMENT BENEFITS (“OPEB”)—PERS Program.” For FY 2017-18, one percent of the City’s covered payroll for the three pension benefit programs was approximately: \$1,356,707 for T1/T2 Pension Programs; \$2,121,673 for OPSRP general services; and \$577,879 for OPSRP police and fire.

(2) Includes adjustments for side accounts and pre-SLGRP liabilities.

Source: City of Portland, Oregon Public Employees Retirement System

The City’s contribution rates may increase or decrease due to a variety of factors, including the investment performance of the OPERF, the use of pension-related reserves, further changes to system valuation methodology and assumptions and decisions by the PERS Board, and changes in benefits resulting from legislative modifications. The City cannot predict whether any legislation or related actions will attempt to further modify the PERS System or whether such attempts would withstand legal challenge.

The City’s financial plan has been updated to incorporate higher growth assumptions for PERS employer rates. For each of the next two biennia (FYs 2020 and 2021 and FYs 2022 and 2023), the financial plan assumes increases in rates for both T1/T2 and OPSRP of approximately five percentage points.

City Funding Policy

In August 2014, the City Council approved a policy regarding funding of its PERS pension liability. The policy requires the City to make contributions at no less than the rate established by the PERS Board and required by ORS 238.225. The City has always funded its full employer contribution as required by ORS 238.225. See “—Employer Contribution Rates and Amounts” above.

Pension Obligation Bonds

In addition to their PERS contribution, City bureaus in existence as of November 10, 1999, (the issue date of the Pension Obligation Bonds, as defined below) are required to make a contribution to pay debt service on outstanding Limited Tax Pension Obligation Revenue Bonds (the “Pension Obligation Bonds”), which were issued to fund the City’s share of the unfunded actuarial liabilities of PERS as of December 31, 1997. The Pension Obligation Bonds were issued in three series: one series of fixed rate bonds in an amount of \$150,848,346 and two series of auction rate securities in an aggregate amount of \$150,000,000. The final maturity of the fixed rate Pension Obligation Bonds is June 1, 2029. The Pension Obligation Bonds issued as auction rate securities matured on June 1, 2019. Proceeds of the Pension Obligation Bonds were deposited with PERS. Table 21 shows the debt service paid by the City on its Pension Obligation Bonds.

Total City Pension Contribution

The following table shows the amount of City contributions paid to PERS for the three pension programs including amounts paid by the City for the employee contribution. Contributions include the payments from the Fire and Police Disability and Retirement Fund for pensions of police and firefighters participating in the T1/T2 Pension Programs and OPSRP. Fire and Police Disability and Retirement Fund contributions are funded from a dedicated Citywide property tax levy. See “—PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT FUND” below. In FY 2017-18, approximately 68 percent of the total cash contribution was for the employer share

and 32 percent was for the employee share. The City made its required contribution for its pension obligation in all years. See “—Employer Contribution Rates and Amounts” above.

Table 21
CITY OF PORTLAND, OREGON
City Contribution Related to PERS

Fiscal Year Ending June 30	City’s Required Cash Contribution to PERS⁽¹⁾	Debt Service on Pension Obligation Bonds	Total Cash Contribution for Pension Costs
2009	\$35,326,820	\$16,059,937	\$51,386,757
2010	32,598,608	15,223,638	47,822,246
2011	33,622,080	16,416,215	50,038,295
2012	45,229,731	17,740,796	62,970,527
2013	45,278,556	19,433,725	64,712,281
2014	45,868,558	21,129,361	66,997,919
2015	46,969,145	23,074,692	70,043,837
2016	55,530,023	25,350,317	80,880,340
2017	58,637,409	27,853,142	86,490,551
2018	76,185,383	30,540,190	106,725,574

(1) Includes City’s statutorily required employer contribution for T1/T2 and OPSRP pension program and its pension contribution on behalf of employees. Includes contributions from the FPDR levy and other non-General Fund bureaus such as the Water Bureau and the Bureau of Environmental Services.

Source: Oregon Public Employees Retirement System and City of Portland; Oregon

Recent Developments Related to PERS

In May 2017, Governor Kate Brown appointed a seven-member task force comprised of business leaders and individuals with public sector experience (the “Task Force”) to find ways to reduce the PERS unfunded liability by at least \$5 billion over the next five years. Specifically, the Governor asked the Task Force to consider (1) assets that could be monetized, (2) one-time funding streams that could be redirected, (3) capital from other accounts that could be invested or loaned, and (4) ways to leverage similar funds from other PERS employers. The Task Force released a report on November 1, 2017, identifying options it judged to be reasonable and likely to deliver “a material reduction” in the liability, including increasing state excise taxes on alcohol sales; capturing excess state reserve funds; dedicating one-time financial “windfall” revenues to PERS; and selling one or more state universities to a private, not-for-profit entity. The City cannot predict whether any of the options identified by the Task Force will be implemented or the impact on the PERS unfunded liability.

In a presentation to the PERS Board for its February 1, 2019 meeting, Milliman estimated that the reported 2018 investment returns of approximately 0.5 percent will cause the PERS System-wide UAL to increase to approximately \$26.6 billion as of December 31, 2018 (approximately 69% funded status) without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts. Other factors could also affect future UAL calculations, such as updated member data, changes in assumptions or legislative actions.

In 2019, the State Legislature adopted and the Governor signed Senate Bill 1049 (“SB 1049”), which makes certain modifications to the amortization of the UAL and benefits provided to employees retiring after December 31, 2019. Such modifications may include: re-amortizing the UAL associated with Tier 1 and Tier 2 benefits that is measured as of December 31, 2019 and extending that amortization to 22 years; redirecting a portion of the 6% contributions currently made to the IAP to an “Employee Pension Stability Account” (“EPSA”) within the PERS fund when an employee’s salary exceeds \$2,500 per month (indexed annually); removing all current hourly limitations on retirees who work for a PERS employer after retirement, while mandating that such employer shall continue to make

pension contributions at the previous employer rate; and capping the annual salary used in the calculation of certain retirement packages for all tiers to \$195,000 (indexed annually).

The System's average contribution rates in the 2021-23 biennium were expected to increase 5.76% of payroll on a collared basis. Milliman has estimated the combined savings from SB 1049 would reduce the projected rate increase by 5.43% of payroll on a collared basis, with continued slow declines thereafter. This estimate, however, will vary substantially between employers based on actuarially calculated rates for each individual employer and due to variances between actuarial projections and actual experience. Additionally, according to the State Legislative Fiscal Office, the re-amortization of the T1/T2 UAL from 20 years to 22 years is expected, under current actuarial assumptions, to extend the retirement of the UAL by approximately six years. The exact impact on the City's contribution rates is unknown. SB 1049 was signed by the Governor; however, it may be subject to legal challenge that could affect all or some of its provisions.

PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT PLAN

Overview

The following discussion pertains to the City's FPDR Plan. The FPDR Plan was established in 1942 to provide disability, retirement and death benefits for sworn members of the City's Bureaus of Fire and Police and their survivors. The FPDR Plan is governed by a Board of Trustees (the "FPDR Board"), composed of the Mayor or Mayor's designee, two active members of the Fire and Police Bureaus and two citizens appointed by the Mayor and confirmed by the City Council. The Fire and Police member trustees are elected by the active members of the Fire Bureau and Police Bureau, respectively. The citizen trustees must have relevant experience in pension or disability matters. The FPDR Plan is administered by the Bureau of Fire and Police Disability and Retirement, led by the Fund Administrator.

The FPDR Plan's authority for vesting and benefit provisions is provided by Chapter 5 of the City Charter. Most amendments require majority approval of the voters in the City. Ten revisions have been passed by the voters since the creation of the plan. The most recent voter revision, comprised of eleven different plan amendments, was passed November 6, 2012. City Council may provide by ordinance any additional benefits that the City is required by law to extend to the members and may also change benefits by ordinance to maintain the FPDR Plan's tax-qualified status. The most recent amendments by the City Council occurred in 2016.

Benefit Programs

The FPDR Plan consists of three tiers, two of which are now closed to new employees. The retirement plans for FPDR One, the original plan, and FPDR Two, in which most active fire and police personnel participate, are single-employer, defined-benefit plans administered by the FPDR Board. In addition to retirement benefits for FPDR One and FPDR Two members, the FPDR Plan provides service-connected, nonservice-connected, and occupational disability benefits for FPDR One, FPDR Two and FPDR Three members. FPDR Plan members do not participate in Social Security and do not receive Social Security benefits for their years of service.

FPDR One. Sworn members of the Police and Fire Bureaus subject to the FPDR Plan as constituted prior to July 1, 1990, are included in the FPDR One tier. All FPDR One members are now retired or receiving long-term disability benefits. Under FPDR One, retirement benefits are provided upon termination of employment on or after attaining age 50 (with 25 or more years of service) or 55 (with 20 years or more of service). Retirement benefits are paid to members at two percent of current top-step pay for a police officer or firefighter for each year of service (up to 60 percent); therefore, FPDR One members receive postretirement benefit increases equal to increases in current top-step police officer or firefighter pay.

FPDR Two. Sworn members of the Police and Fire Bureaus subject to the FPDR Plan as constituted after June 30, 1990, and first sworn before January 1, 2007, are included in the FPDR Two tier. Under FPDR Two, retirement benefits are provided upon termination of employment on or after attaining age 55, or on or after attaining age 50 if the member has 25 or more years of service. Members become 100 percent vested after five years of service. Benefits are paid using a formula tied to years of service and the highest one-year base pay the member received

during the final three years of employment. The FPDR Board has the authority to grant postretirement benefit increases to FPDR Two members, so long as the increases do not exceed increases awarded to sworn retirees of PERS. Members enrolled in the FPDR Plan and still working prior to July 1, 1990, were required to make an election as to whether they wished to fall under the provisions of the FPDR Plan as constituted prior to July 1, 1990 (now called FPDR One) or become subject to the new FPDR Two provisions after June 30, 1990.

FPDR Three. Sworn members of the Police and Fire Bureaus hired on or after January 1, 2007, are included in the FPDR Three tier; those sworn on or after January 1, 2013, become FPDR Three members after six months of service. These participants are part of OPSRP for retirement benefits and are under the FPDR Plan for disability and pre-retirement death benefits, offset by any benefits received on account of disability or death under OPSRP. Retirement benefits for these participants are pre-funded, and the FPDR levy pays the employee and employer portions of the OPSRP contribution. For information regarding OPSRP and the employee and employer contribution rates for OPSRP, see “PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM,” above.

Funding

The FPDR levy is a special property tax levy which cannot exceed two and eight-tenth mills on each dollar of valuation of property (\$2.80 per \$1,000 of Real Market Value) that is not exempt from such levy. The FPDR levy has been sufficient in all years to meet required annual benefit payments. In the event that collections from this special property tax levy are less than the amount required for payment of benefits in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and then from other City funds to make up the difference. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, other legally available City funds.

Although the City Charter provides the FPDR Plan with dedicated property tax levy authority, the Oregon Constitution caps each property’s general government taxes at \$10 per \$1,000 of Real Market Value. After reaching this point, all levies, including the FPDR levy, are subject to Tax Rate Compression to fit within the \$10 limit. For this reason, it is unlikely that FPDR could collect the full \$2.80 per \$1,000 of Real Market Value on each property. In FY 2018-19, the tax loss due to Tax Rate Compression was \$7.3 million, or 4.7 percent of the FPDR levy.

Retirement Plan Asset Valuation and Liabilities

The table below shows key assumptions for the most recent valuation of the FPDR Plan. Mortality and other assumptions are regularly reviewed and updated as needed. The discount rate is equal to the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index each year, in accordance with the requirement of Governmental Accounting Standards Board Statement No. 67 (“GASB 67”) that plans use a risk-free discount rate for the portion of the plan’s liability that is not prefunded.

Table 22
CITY OF PORTLAND, OREGON
FPDR Plan -- Actuarial Assumptions and Methods
For the June 30, 2018, Valuation

Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	Market Value
Funding Policy	Pay-As-You-Go
Discount Rate	3.87%
Payroll Growth Rate	3.75%

Source: Milliman Inc., City of Portland Fire & Police Disability & Retirement (FPDR) Fund, Pension Actuarial Valuation Report as of June 30, 2018, dated January 15, 2019

As distinguished from the pension plan for FPDR Three members, assets generally are not accumulated in the current year to pay for benefit payments in future years for the FPDR Plan. The table below shows funding levels for the FPDR Plan over the past ten fiscal years. In accordance with the Charter’s provisions, there are no requirements to fund the FPDR Plan using actuarial techniques. The FPDR Plan is funded on a pay-as-you-go basis. Each year’s benefits and expenses are paid for with employer contributions derived from dedicated property tax revenue received during that year. Because of the FPDR Plan’s pay-as-you-go funding basis, the unfunded actuarial accrued pension liability and net pension liability (the new terminology per GASB 67 implemented by the City effective June 30, 2014), do not reflect the value of dedicated future revenues from the property tax levy. See “—FPDR Fund and Levy Adequacy” below. As reflected in the City’s CAFR for its fiscal year ended June 30, 2018, and required by GASB 68, the net pension liability for the FPDR Plan is a primary factor in the City’s unrestricted net position deficit for governmental activities for the fiscal year ended June 30, 2018, and contributed to the City’s total net position decrease from FY 2012-13 to FY 2013-14, when the GASB Statement No. 67 was implemented. See table titled “Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)” on page 338 of the City’s CAFR for its fiscal year ended June 30, 2018, which is available on the EMMA website.

Table 23
CITY OF PORTLAND, OREGON
FPDR Plan --Summary of Funding Levels⁽¹⁾

Fiscal Year Ending June 30	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability⁽¹⁾	Funded Ratio⁽²⁾
2009 ⁽³⁾	\$11,571,074	\$2,279,923,000	\$2,268,351,926	0.51%
2010	16,542,896	2,549,479,088	2,532,936,192	0.65
2011 ⁽³⁾	25,648,253	2,610,360,794	2,584,712,541	0.98
2012 ⁽³⁾	20,287,803	2,674,072,175	2,653,784,372	0.76

Fiscal Year Ending June 30⁽³⁾	Plan Net Position, Ending	Total Pension Liability	Net Pension Liability⁽²⁾	Net Position as Percent of Total Liability⁽²⁾
2013	\$17,155,015	\$2,517,096,534	\$2,499,941,519	0.68%
2014	20,532,924	2,473,970,866	2,453,437,942	0.83
2015	21,876,942	2,896,894,767	2,875,017,825	0.76
2016	17,425,353	3,391,461,315	3,374,035,962	0.51
2017	14,150,087	3,367,105,729	3,352,955,642	0.42
2018	17,790,774	3,295,142,974	3,277,352,200	0.54

(1) Table reflects transition to new accounting classifications as required by the Governmental Accounting Standards Board beginning with the fiscal year ending June 30, 2013.

(2) Does not include value of future dedicated FPDR property tax collections.

(3) Amounts are calculated by rolling forward prior actuarial valuations. See Table 24 below for a summary of the June 30, 2016, and June 30, 2018, valuations.

Source: *City of Portland audited financial statements*

Overall the net pension liability decreased from \$3.67 billion on June 30, 2016, to \$3.31 billion on June 30, 2018, as shown in Table 24 below. Note that these valuations differ from results shown in Table 23 above because they are based on actual results prepared by Milliman and are not roll-forward amounts of prior valuations.

Table 24
CITY OF PORTLAND, OREGON
FPDR Plan--Summary of Most Recent Actuarial Valuations

Fiscal Year Ending June 30	Plan Assets	Total Pension Liability	Net Pension Liability
2016	\$17,425,353	\$3,689,965,110	\$3,672,539,757
2018	17,790,776	3,323,733,057	3,305,942,281

Source: Milliman Inc., City of Portland Fire & Police Disability & Retirement (FPDR) Fund, Pension Actuarial Valuation Report as of June 30, 2018, dated January 15, 2019

The primary reason for the reduction in the plan’s pension liability is the increase in the discount rate (the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index each year). The rate rose from 2.85 percent on June 30, 2016 to 3.87 percent on June 30, 2018, dropping the pension liability by \$554 million. In addition, projected longevity declined for some participant types as a result of changes in mortality assumptions, which decreased the pension liability by a relatively small \$35 million. Mortality assumptions are routinely updated to reflect the experience of the larger and more statistically valid Oregon PERS sworn population. Partially offsetting these reductions were increases caused by divergence between recent experience and long-term assumptions, particularly with respect to active participant salary growth.

FPDR Fund and Levy Adequacy

A critical measure of the FPDR Fund’s financial health is whether the dedicated property tax will ever be insufficient to fully cover both benefit expenditures both for the pay-as-you-go FPDR Plan and contributions to the pre-funded OPSRP plan. The table below compares the certified tax levy for FPDR Plan contributions (for FPDR One and FPDR Two participants) and OPSRP contributions (for FPDR Three participants) with the amount authorized based on the \$2.80/\$1,000 Charter limitation. Between FY 2008-09 and FY 2017-18, Real Market Value of property subject to taxation has grown by a compounded annual rate of approximately 4.8 percent.

Table 25
CITY OF PORTLAND, OREGON
FPDR Fund--Certified Levies Compared with Maximum Levies Authorized

Fiscal Year Ending June 30	Tax Levy per \$1,000 RMV	Certified Tax Levy⁽¹⁾	Maximum Levy Authorized (\$2.80/1,000 RMV)	Amount Available to be Certified from Authorized Levy
2009	\$1.23	\$111,152,436	\$253,003,644	\$141,851,208
2010	1.29	114,980,456	249,261,909	134,281,453
2011	1.37	118,526,184	241,849,105	123,322,921
2012	1.41	114,264,711	227,257,618	112,992,907
2013	1.55	123,564,952	223,709,460	100,144,508
2014	1.62	136,383,540	235,325,707	98,942,167
2015	1.48	136,883,230	259,331,341	122,448,111
2016	1.30	133,795,013	287,358,793	153,563,780
2017	1.15	138,900,728	338,199,473	199,298,745
2018	1.13	155,553,793	384,951,394	229,397,601

(1) Before Tax Rate Compression, delinquencies and discounts.

Source: City of Portland

The table below shows historical taxes imposed (after Tax Rate Compression) and historical expenditures for retirement benefits and death and disability benefits. As fire and police retirement benefits transition from a pay-as-

you-go system to a pre-funded system through OPSRP, the FPDR levy will be funding pensions for two generations of FPDR members simultaneously: FPDR One and FPDR Two members who are funded on a pay-as-you-go basis during their retirement years and FPDR Three members whose retirement benefits are pre-funded through OPSRP during their working careers. Costs for disability benefits will continue to be paid on a pay-as-you go basis. As described below, higher costs are expected over approximately the next 20 years, with the potential for higher tax levy rates.

Table 26
CITY OF PORTLAND, OREGON
FPDR Fund--Imposed Levies and Expenditures for
Pension Benefits and Death/Disability Benefits

Fiscal Year Ending June 30	Imposed Tax Levy⁽¹⁾	FPDR One & Two Pension Benefits	FPDR Three OPSRP Contributions	Disability & Funeral Benefits	Total FPDR Benefit Contributions
2009	\$107,669,880	\$85,079,520	\$1,774,991	\$9,241,784	\$96,096,295
2010	111,376,678	89,038,110	2,210,250	9,075,988	100,324,348
2011	114,217,070	90,464,611	2,865,737	7,938,636	101,268,984
2012	108,666,428	94,708,986	4,735,637	7,064,187	106,508,810
2013	115,752,880	99,417,595	5,265,815	6,725,710	111,409,120
2014	123,304,615	103,506,696	5,998,321	7,410,977	116,915,994
2015	126,777,805	103,355,638	6,952,685	6,219,646	116,527,969
2016	126,376,817	107,074,899	8,699,501	6,420,506	122,194,906
2017	132,477,613	113,826,622	9,672,695	6,525,351	130,024,668
2018	148,214,877	119,616,359	13,318,516	6,050,635	138,985,510

(1) Amount after Tax Rate Compression but not adjusted for delinquencies and discounts.

Source: City of Portland

The FPDR Board assesses the FPDR Plan’s long-term financial condition in part by projecting the future availability of revenues from the dedicated property tax (the “Levy Adequacy Analysis”), which are the source of employer contributions under the Charter. The most recent Levy Adequacy Analysis, completed by an independent actuary in connection with the actuarial valuation of the fund, was as of June 30, 2018. The Levy Adequacy Analysis found that, under a wide range of simulated economic scenarios over the next 20 years, the future FPDR levy would remain under \$2.80 per \$1,000 of Real Market Value, but the levy exceeded the \$2.80 threshold in at least one year in approximately one percent of modeled scenarios. This represents a decline from about three percent of modeled scenarios in the prior analysis as of June 30, 2016. Continued growth in real market values in the City’s tax base has further increased the likelihood that the FPDR levy will be sufficient to fund benefits and expenses for the entire life of the FPDR Plan. Plan costs peak in FY 2036-37 in nominal terms; the peak on an inflation-adjusted basis is in FY 2031-32.

The table below shows projected levy rates and taxes levied at the 50th and 5th percentiles of scenarios for FY 2018-19 through FY 2037-38 as included in the 2018 Levy Adequacy Analysis. Note that the actual levy rate per \$1,000 of Real Market Value was \$1.15 for FY 2016-17 and \$1.13 for FY 2017-18.

Table 27
CITY OF PORTLAND, OREGON
FPDR Fund--Projected Levy Rate, Taxes and Requirements⁽¹⁾

Fiscal Year Ending June 30	Levy Rate at 50th Percentile	Taxes Levied at 50th Percentile	Levy Rate at 5th Percentile	Taxes Levied at 5th Percentile
2019	\$1.08	\$161,900,000	\$1.08	\$161,900,000
2020	1.09	171,900,000	1.09	172,000,000
2021	1.10	180,100,000	1.23	181,700,000
2022	1.16	198,600,000	1.37	203,000,000
2023	1.17	208,900,000	1.43	214,600,000
2024	1.19	222,900,000	1.54	235,700,000
2025	1.20	235,900,000	1.60	250,600,000
2026	1.22	251,700,000	1.70	272,200,000
2027	1.24	266,400,000	1.77	289,700,000
2028	1.25	281,700,000	1.85	311,300,000
2029	1.26	296,800,000	1.89	329,900,000
2030	1.32	324,700,000	2.03	363,800,000
2031	1.32	339,900,000	2.06	383,200,000
2032	1.32	354,900,000	2.11	404,400,000
2033	1.31	369,600,000	2.14	423,000,000
2034	1.29	380,700,000	2.18	442,600,000
2035	1.27	391,900,000	2.17	457,600,000
2036	1.18	381,100,000	2.10	455,000,000
2037	1.15	388,400,000	2.07	466,700,000
2038	1.02	358,900,000	1.89	440,800,000

(1) Results are expressed as a probability distribution. Amounts shown in table are median values within percentile categories. Actual rates for FY 2016-17 and FY 2017-18 are found in the table titled “FPDR Fund—Certified Levies Compared with Maximum Levies Authorized.”

Source: Milliman, Inc., *FPDR Levy Adequacy Analysis as of June 30, 2018, dated January 22, 2019*

The current analysis extends through FY 2037-38 and encompasses all facts, decisions and conditions pertaining to the FPDR Plan known at the time the analysis was completed. Future actuarial measurements may differ significantly from the measurements presented herein due to factors such as changes in economic or demographic assumptions (including changes in Real Market Value), changes related to PERS, performance of investments, and changes in FPDR Plan benefit provisions or applicable law.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS (“OPEB”)

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

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA’s assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City’s allocated share of the RHIA program’s assets and liabilities is based on the City’s proportionate share of the program’s pooled covered payroll. According to the 2017 City Report, the City’s allocated share of the RHIA program’s UAL was (\$4,404,636) as of December 31, 2017.

The City’s current employer contribution rate to fund RHIA benefits during the 2017-19 biennium for T1/T2 employees is 0.50 percent and for OPSRP general services and police and fire employees is 0.43 percent. According to the 2017 City Report, the adopted rate to fund RHIA benefits during the 2019-21 biennium for T1/T2 employees is 0.06 percent and for OPSRP general services and policy and fire employees is 0.00 percent. These employer contribution rates to fund RHIA are included in the rates described in Table 20 above.

Health Insurance Continuation Option

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

The OPEB liability associated with the Health Insurance Continuation Option is an actuarially-determined amount calculated in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The valuation is prepared using the Entry Age Normal actuarial cost method and amortized over an open period of 30 years using the level percentage of projected pay. Other assumptions include a discount rate of 3.60 percent, 2.2 percent inflation rate, annual healthcare cost trend rates of 4.5 to 7.5 percent, and retirees’ share of benefit-related costs of 26 percent of estimated program costs. The City’s unfunded actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2017 (the date of the most recent actuarial valuation), is estimated to be \$100,197,951. The unfunded actuarial accrued liability as a percentage of covered payroll is 23 percent. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years. A new valuation study will be undertaken for reporting the OPEB liability as of July 1, 2019.

The City’s annual OPEB cost is calculated based on the actuarially-determined service cost, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liability over a period of 30 years. For FY 2017-18, the changes to the total OPEB liability is calculated as follows:

Balance at 6/30/17	\$104,746,377
Changes for the year:	
Service cost	4,140,465
Interest	3,086,463
Changes of assumptions	(6,825,794)
Benefit payments	(4,949,560)
Net Changes	(4,548,426)
Balance at 6/30/18	<u>\$100,197,951</u>

The City expects to use a pay-as-you-go approach to fund its actuarial accrued liability and OPEB obligation, but will monitor its OPEB liability and assess whether a different approach is needed in future years.

Implementation of Governmental Accounting Standards Board Statement No. 75

As reflected in its CAFR for the fiscal year ended June 30, 2018, the City implemented Governmental Accounting Standards Board Statement No. 75, which changed employer reporting of OPEB for state and local governments. Under this new standard, for the fiscal year ending June 30, 2018, the City has reported in its CAFR the following balances:

	Deferred Outflow/(Inflow) of Resources	Net OPEB Liability/(Asset)	OPEB Expense
RHIA	(\$695,350)	(\$1,476,036)	\$3,580
HIC	(5,876,449)	100,197,951	6,277,583
Total	(\$6,571,799)	\$98,721,915	\$6,281,163

See the City’s CAFR for the fiscal year ended June 30, 2018, which is posted on the EMMA website.

OVERVIEW OF CITY INDEBTEDNESS

Debt Management Policy

In April 1984, the City Council adopted Resolution No. 33661, which places centralized responsibility for Debt Management in the Office of Management and Finance and establishes standards and procedures for the issuance of debt. The City’s debt policy, which is included as FIN 2.12 in the Comprehensive Financial Management Policies of the City, includes more restrictive limits on City debt issuance than required by State law. This policy has subsequently been updated and expanded. The most recent updates to the debt policy were included in Resolution 37086, which was adopted as binding City policy by the City Council on August 6, 2014. Among the general provisions in the debt policy are types of debt that may be issued and limitations on their use, selection of finance professionals, methods of sale, structure and term of City indebtedness, issuance of conduit debt, and refunding outstanding debt.

Debt Payment History

To the best of the City’s knowledge, the City has met all principal and interest payments on its borrowings in a timely manner.

Debt Limitation

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

Outstanding Debt

The City issues a variety of debt types for the purpose of carrying out its capital financing activities. These various debt types are shown in the table below titled “Debt Statement.” Outstanding debt amounts in this Official Statement are as of June 30, 2019, except where noted.

Unlimited Tax General Obligation Bonds

The City has \$139,995,000 of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding emergency facilities, public safety improvements, parks improvements, and affordable housing projects. The City is authorized to levy unlimited ad valorem property taxes outside the limitations of Article XI, Sections 11 and 11b of the Oregon Constitution to pay these bonds.

Bonds Paid and/or Secured by the General Fund

The following obligations are secured by the full faith and credit of the City. The City is obligated to pay these obligations from any taxes or other revenues available to the City that may legally be applied to pay them. The City is not authorized to levy ad valorem property taxes outside the limitations of Article XI, Sections 11 and 11b of the Oregon Constitution to pay these obligations.

Non Self-Supporting General Fund Obligations

Non self-supporting General Fund obligations are either paid from lawfully available funds or are otherwise considered to be non self-supporting based upon factors including, but not limited to, length of history of the payment revenue source, debt service coverage, revenue volatility and classification of such debt by bond rating agencies. Outstanding obligations that have been determined to be non self-supporting are as follows.

Limited Tax Revenue Bonds. As of June 30, 2019, the City had \$149.6 million of outstanding limited tax revenue bonds that are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to satisfy a variety of capital financing requirements.

Limited Tax Pension Obligation Revenue Bonds. City issued \$300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State Public Employees Retirement System. Approximately forty percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining sixty percent is expected to be paid by non-General Fund bureaus of the City. (See "Self-Supporting General Fund Obligations" below.) Approximately \$49.9 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources. See "—Pension Obligation Bonds" above.

Limited Tax Housing Revenue Bonds. The City has outstanding a total of \$11.5 million of Limited Tax Housing Revenue Bonds. This amount includes \$7.6 million issued for the Headwaters Apartment Project and \$3.9 million issued for the Housing Opportunity Program.

Non Self-Supporting Lines of Credit. On April 4, 2017, the City closed on a \$190 million line of credit, which will be used to renovate the Portland Building. The line of credit was amended in January 2019 to reduce the authorized amount to \$23 million. The balance on this line of credit as of June 30, 2019, is \$9.5 million. Additionally, \$33.8 million is outstanding on a River District urban renewal area line of credit secured by the City's full faith and credit, which expires on June 30, 2021. This line of credit is expected to be repaid from proceeds of the sale of property purchased by PDC from the U.S. Postal Service.

Contingent Loan Agreements. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on six conduit housing revenue bond issues. As of June 30, 2019, the City had not received any requests to appropriate funds to restore the reserve fund balances of these issues. The original par amount of these issues is \$29.695 million, of which \$22.7 million remains outstanding.

Self-Supporting General Fund Obligations.

Self-supporting General Fund obligations are secured by the General Fund, but paid from non-General Fund revenues that are considered to be stable and reliable. Outstanding self-supporting General Fund obligations are as follows.

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately \$84.6 million is expected to be fully self-supporting and paid from non-General Fund bureaus of the City.

Limited Tax Revenue Bonds (Visitor Development Initiative). The City has issued bonds pursuant to an intergovernmental agreement known as the Visitor Development Initiative for various projects. While ultimately secured by the General Fund, these bonds are expected to be repaid in whole or in part with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax. The City has \$68.3 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project and \$10.6 million of outstanding bonds for the Stadium Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has \$7.6 million of outstanding limited tax revenue bonds for the Central City Streetcar Project. These bonds are ultimately secured by the City's General

Fund, but the City expects to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

Limited Tax Revenue Bonds (JELD-WEN Field Project). In April 2012, the City issued limited tax revenue bonds to refinance improvements for major league soccer at Providence Park (formerly known as JELD-WEN Field). While secured by the City's General Fund, the City expects to pay the debt service with revenues from its Spectator Facilities Fund. The City has \$12.0 million of these bonds outstanding.

Limited Tax Revenue Bonds (Portland-Milwaukie Light Rail Project). In September 2012, the City issued limited tax revenue bonds to finance a portion of the Portland-Milwaukie Light Rail Project. While secured by the City's General Fund, the City expects to pay the debt service with transportation revenues, including parking revenues, gas tax revenues and system development charges. The City has \$28.4 million of these bonds outstanding.

Limited Tax Revenue Bonds (Sellwood Bridge Project). In June 2014, the City issued limited tax revenue bonds to finance a portion of the costs of the Sellwood Bridge Project. While secured by the City's General Fund, the City expects to pay the debt service with transportation revenues, including parking revenues, gas tax revenues and system development charges. The City has \$36.7 million of these bonds outstanding. In June 2017, the City issued bonds to finance an additional portion of its contribution to the Sellwood Bridge Project, of which \$29.2 million is outstanding.

Limited Tax Improvement Bonds. The City had \$34.5 million of outstanding limited tax improvement bonds. These bonds are issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds, and the bonds are payable from all legally available revenues, taxes and other funds of the City.

Urban Renewal and Other Self-Supporting Lines of Credit. The City has established lines of credit for various programs that are secured in full or in part by the City's full faith and credit. Lines of credit have been established for five urban renewal areas. The City borrows on these lines of credit to provide interim financing for capital projects, then repays the debt with the proceeds of urban renewal and redevelopment bonds secured solely by the tax increment revenues of the districts for which the bonds are issued. The total balance on the urban renewal lines of credit is \$40.7 million.

A line of credit secured by the City's full faith and credit has also been established to fund projects in local improvement districts, which had an outstanding balance of approximately \$9.8 million as of June 30, 2019.

Other Obligations. The City has \$706,486 outstanding on a State Infrastructure Finance Authority loan for the Columbia River Levee Project. Also, under an agreement with the Oregon Department of Energy, the City has an obligation to make payments related to a \$5 million loan guarantee. This obligation requires monthly payments by the City of \$119,000 per month through October 2020, and is expected to be paid from parking meter revenues of the City.

Table 28
CITY OF PORTLAND, OREGON
Debt Statement as of June 30, 2019⁽¹⁾

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
General Obligation Parks Bonds	\$37,315,000
General Obligation Public Safety Bonds	42,010,000
General Obligation Emergency Facilities Bonds	12,195,000
General Obligation Housing Bonds	48,475,000
Total Unlimited Tax General Obligation Bonds	\$139,995,000
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non-Self-Supporting	
Limited Tax Revenue Bonds	\$149,575,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	49,933,964
Limited Tax Housing Revenue Bonds	11,480,000
General Fund-Secured Lines of Credit	43,273,965
Total Bonds Secured and Paid from the General Fund⁽¹⁾	\$254,262,929
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	\$84,569,382
Limited Tax Revenue Bonds (Streetcar)	7,640,000
Limited Tax Revenue Bonds (Convention Center – Visitor Development Initiative)	68,265,902
Limited Tax Revenue Bonds (Stadium Project – Visitor Development Initiative)	10,547,000
Limited Tax Revenue Bonds (JELD-WEN Field Project)	12,000,000
Limited Tax Revenue Bonds (Portland-Milwaukie Light Rail Project)	28,410,000
Limited Tax Revenue Bonds (Sellwood Bridge I & II)	65,870,000
Limited Tax Improvement Bonds	34,465,000
State Infrastructure Finance Authority Loan (Columbia River Levee Project)	706,486
General Fund-Secured Lines of Credit	50,543,470
Total Self-Supporting Bonds Secured by the General Fund	\$363,017,240
III. REVENUE BONDS	
First Lien Sewer Revenue Bonds	\$384,235,000
Second Lien Sewer Revenue Bonds	1,057,785,000
Sewer State Revolving Fund Loans	10,780,833
First Lien Water Revenue Bonds	401,345,000
Second Lien Water Revenue Bonds	192,690,000
Urban Renewal Bonds	315,899,380
Urban Renewal Lines of Credit (Non-General Fund secured)	48,227,839
Gas Tax Revenue Bonds	6,445,000
Total Revenue Bonds	\$2,417,408,052
TOTAL – ALL OUTSTANDING DEBT	\$3,174,683,220

(1) Excludes contingent loan agreements, which are described in “-BONDS PAID OR SECURED BY THE GENERAL FUND, Non-Self Supporting General Fund Obligations-Contingent Loan Agreements,” below.

Source: City of Portland

Revenue Bonds

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

Urban Renewal Bonds

A total of \$315.9 million of Urban Renewal and Redevelopment Bonds are outstanding for nine urban renewal areas. All of these obligations are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds.

Urban Renewal Lines of Credit

In April 2016, the City executed a line of credit secured by the tax increment revenues of the River District urban renewal area to provide interim financing for River District improvements. The outstanding balance is \$32.1 million. The line of credit is expected to be repaid from long-term River District urban renewal bonds. The City also has lines of credit for four other urban renewal areas secured only by the tax increment revenues of the areas benefitting from these lines. A total \$16.1 million is outstanding on these lines of credit, which expire in December 2019. No additional City revenues are pledged to the repayment of this debt.

Cash Flow Borrowings

The City may borrow for General Fund operating purposes through the issuance of short-term tax anticipation notes (“TANs”). State law limits the amount of TANs that a political subdivision may sell annually to no more than 80 percent of the amount of the annual tax levy, and all TANs must be retired within thirteen months after they were issued. In order to fund cash flow deficits in the FPDR Fund caused by the timing mismatch between when benefit payments are required to be made and when property tax collections are received. Prior to the issuance of the Notes, the City does not currently have any TANs outstanding.

Conduit Financings

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

Concurrent Debt Issues

The City is currently in the process of or planning for the issuance of additional long term borrowings over the next six months. The following table identifies issues that are presently under consideration, and includes the estimated issuance amounts, planned issue dates, and the expected type of issue. The City may also enter into short term borrowings and lines of credit for various purposes in amounts to be determined. These plans are subject to change.

Table 29
CITY OF PORTLAND, OREGON
Future Long Term Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Fueling Stations Project	\$ 8.5 million	Fall 2019	Full faith and credit
Water system capital improvements	150 million	Fall 2019	Water revenue bonds

Source: City of Portland

City General Obligation Debt

Tables 30-32 below set forth the City's general obligation capital debt ratios, the overlapping debt among various taxing districts in the City, and outstanding direct general obligation debt of the City incurred for capital purposes.

Table 30
CITY OF PORTLAND, OREGON
Debt Ratios as of June 30, 2019

	Amount	Per Capita	Percent of Market Value	Percent of Assessed Value
July 1, 2018 Population	648,740			
2018-19 Market Value (Measure 5) ⁽¹⁾	\$149,692,154,041	\$230,743		
2018-19 Assessed Value ⁽²⁾	68,079,542,502	104,941	45.48%	
Gross Bonded Debt ⁽³⁾	757,275,168	1,167	0.51	1.11%
Net Direct Debt ⁽⁴⁾	394,257,928	608	0.26	0.58
Net Overlapping Debt (as of 6/30/2019) ⁽⁵⁾	2,042,780,350	3,149	1.36	3.00
Net Direct and Overlapping Debt	2,437,038,278	3,757	1.63	3.58

(1) Market Value reported in this table encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal incremental real market values. Market Value reported in this table and in the table titled "Historical Trends in Assessed and Market Values" are "Measure 5 Values," which represent the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full real market value. In FY 2018-19 the Measure 5 Market Value represented about 82 percent of full real market value. For information regarding historical Market Value, see table titled "Historical Trends in Assessed and Market Values" herein.

(2) Includes urban renewal incremental assessed value. For information regarding historical assessed values, see table titled "Historical Trends in Assessed and Market Values" herein.

(3) Includes City's outstanding general obligation bonds, limited tax improvement bonds, and limited tax revenue bonds. Also includes general fund-supported lines of credit and tax anticipation notes.

(4) Net direct debt includes non-self-supporting limited tax revenue bonds secured by the City's General Fund as well as general obligation bonds paid from a separate, unlimited *ad valorem* tax.

(5) See table titled "Overlapping Debt" below for information on overlapping debt.

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

Table 31
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2019

TAXING DISTRICT	Real Market Value	Percent Overlapping	Overlapping Debt	
			Gross Property Tax Backed ⁽¹⁾	Net Property Tax Backed ⁽²⁾
Clackamas Community College	\$57,813,899,000	0.19%	\$220,896	\$175,714
Clackamas County	78,616,684,571	0.23	295,365	295,365
Clackamas Cty ESD	74,946,144,985	0.15	31,161	31,161
Clackamas Cty SD 12 (North Clackamas)	22,896,359,786	0.47	3,295,045	3,283,608
Clackamas Cty SD 7J (Lake Oswego)	13,280,192,631	0.02	57,031	57,031
Clackamas Soil & Water Conservation	78,616,700,641	0.23	15,490	15,490
Columbia Cty SD 1J (Scappoose)	2,695,741,593	11.49	2,846,553	2,846,553
Metro	331,648,968,470	45.92	383,885,972	376,086,613
Mt. Hood Community College	48,698,376,214	42.41	22,826,712	8,762,691
Multnomah County	175,598,998,220	86.47	285,550,251	\$285,550,251
Multnomah Cty Drainage District 1	323,058,035	100.00	4,387,920	4,387,920
Multnomah Cty SD 1J (Portland)	133,711,723,974	97.99	850,057,560	850,057,560
Multnomah Cty SD 28J (Centennial)	4,726,205,169	52.87	9,346,647	9,346,647
Multnomah Cty SD 3 (Parkrose)	8,408,785,169	98.54	74,084,757	74,084,757
Multnomah Cty SD 40 (David Douglas)	7,234,014,261	100.00	75,386,954	75,386,954
Multnomah Cty SD 51J (Riverdale)	1,060,123,863	5.06	916,554	916,554
Multnomah Cty SD 7 (Reynolds)	10,822,695,463	24.08	48,198,294	47,785,534
Multnomah ESD	177,897,232,702	85.28	22,876,011	0
Northwest Regional ESD	129,222,461,748	0.36	12,024	0
Port of Portland	359,418,340,514	42.37	24,767,379	0
Portland Community College	264,075,363,856	49.81	337,935,602	299,985,310
Rockwood Water PUD	6,976,959,150	30.19	1,405,261	0
Tualatin Hills Park & Rec District	43,362,856,956	0.02	17,212	17,212
Washington County	105,200,124,063	0.25	581,533	581,533
Washington Cty SD 23J (Tigard-Tualatin)	19,000,500,846	0.09	323,733	323,733
Washington Cty SD 48J (Beaverton)	50,904,789,235	0.28	2,802,159	2,802,159
			<u>\$2,152,124,076</u>	<u>\$2,042,780,350</u>

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

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

Source: Municipal Debt Advisory Commission, Oregon State Treasury

Table 32
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations⁽¹⁾

Fiscal Year Ending June 30	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND			
	Limited Tax Revenue Bonds ⁽²⁾	Limited Tax Pension Obligation Revenue Bonds ⁽³⁾	Total Non-Self Supporting Bonds/ Gen. Fund ⁽²⁾	Limited Tax Improve. Bonds ⁽⁴⁾	Limited Tax Pension Obligation Revenue Bonds ⁽⁵⁾	Other Limited Tax Revenue Bonds ⁽⁶⁾	Total Self Supporting Bonds/ Gen. Fund ⁽⁶⁾
2020	\$13,619,148	\$13,081,663	\$26,700,811	\$2,322,908	\$22,155,425	\$21,564,686	\$46,043,018
2021	16,727,106	13,604,648	30,331,755	2,082,908	23,041,165	21,897,796	47,021,869
2022	16,729,288	14,150,222	30,879,509	2,067,908	23,965,162	22,032,865	48,065,934
2023	15,110,813	14,716,231	29,827,044	2,027,158	24,923,769	21,764,293	48,715,219
2024	15,105,556	15,304,658	30,410,214	1,946,908	25,920,342	22,348,763	50,216,012
2025	15,105,000	15,917,215	31,022,215	1,364,158	26,957,785	20,588,100	48,910,042
2026	14,352,550	16,553,904	30,906,454	1,364,158	28,036,096	20,591,875	49,992,129
2027	11,844,500	17,214,723	29,059,223	15,199,158	29,155,277	20,587,150	64,941,584
2028	11,846,000	17,905,243	29,751,243	672,408	30,324,757	17,329,875	48,327,040
2029	11,053,000	18,619,893	29,672,893	2,442,408	31,535,107	17,423,200	51,400,714
2030	10,119,750	-	10,119,750	8,609,308	-	17,431,425	26,040,733
2031	10,126,500	-	10,126,500	289,720	-	8,240,025	8,529,745
2032	10,117,750	-	10,117,750	1,054,720	-	8,237,025	9,291,745
2033	10,113,500	-	10,113,500	259,120	-	8,239,450	8,498,570
2034	10,112,750	-	10,112,750	2,669,120	-	5,740,000	8,409,120
2035	10,069,500	-	10,069,500	162,720	-	2,334,200	2,496,920
2036	9,430,000	-	9,430,000	162,720	-	2,336,200	2,498,920
2037	9,428,250	-	9,428,250	162,720	-	2,334,800	2,497,520
2038	9,428,000	-	9,428,000	162,720	-	-	162,720
2039	9,428,250	-	9,428,250	4,682,720	-	-	4,682,720
2040	8,253,000	-	8,253,000	-	-	-	-
Total	\$248,120,210	\$157,068,401	\$405,188,611	\$49,705,663	\$266,014,885	\$261,021,727	\$576,742,275

- (1) Excludes debt service on the City's general obligation bonds, which are secured by, and payable from, ad valorem taxes on property within the City. Excludes debt service on the City's Tax Anticipation Notes, Series 2019 (Fire and Police Disability and Retirement Fund), which are payable from the FPDR levy. Totals may not sum due to rounding.
- (2) Includes limited tax revenue bonds paid from General Fund sources and limited tax housing revenue bonds.
- (3) Reflects General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. Amounts shown include projected debt service on the variable rate 1999 Series D & E Bonds and are subject to change.
- (4) Actual debt service may differ substantially from schedule above due to mandatory redemption provisions of limited tax improvement bonds.
- (5) Reflects non-General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. A portion of the debt service on the bonds is expected to be paid from capitalized interest.
- (6) Includes debt service on bonds for Convention Center Expansion Project, Civic Stadium (2001), JELD-WEN Field (2012), Portland-Milwaukie Light Rail Project (2012), the Sellwood Bridge Project (2014 and 2017), and the Central City Streetcar Project (2019). Bonds issued for Convention Center expansion and Civic Stadium are expected to be repaid in whole or in part from transient lodging tax and vehicle rental tax surcharges imposed by Multnomah County. Bonds issued for JELD-WEN Field are expected to be paid from Spectator Facilities Fund revenues. Bonds issued for the Portland-Milwaukie Light Rail Project and the Sellwood Bridge Project are expected to be repaid with various transportation revenues. The Central City Streetcar bonds are expected to be paid from parking facility and meter revenues.

Source: City of Portland

CITY ECONOMIC CHARACTERISTICS

The City of Portland, with an estimated population of 648,740 as of July 1, 2018, comprises an area of approximately 145 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.49 million people as of July 1, 2018. The City is the county seat of Multnomah County and is the largest city in Oregon and the second largest city in the Pacific Northwest.

PORTLAND-VANCOUVER-BEAVERTON METROPOLITAN STATISTICAL AREA

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

The City of Portland is located primarily in Multnomah County, with small portions in Washington and Clackamas counties. Multnomah County also encompasses the cities of Gresham, Troutdale, Fairview, and Wood Village. Washington County contains the cities of Beaverton, Hillsboro, Tigard, and Tualatin. Clackamas County includes the cities of Milwaukie, Oregon City, Lake Oswego, West Linn, and Happy Valley. The cities of St. Helens and Scappoose are located in Columbia County. Yamhill County includes the cities of McMinnville and Newberg. Clark County contains the cities of Vancouver and Camas, while Skamania County includes the cities of Stevenson, Carson, and Skamania.

POPULATION

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

**Table 33
CITY OF PORTLAND, OREGON
Population Estimate for the Last Ten Years**

As of July 1	State of Oregon	City of Portland	MSA	Multnomah County	Washington County	Clackamas County
2009	3,823,465	582,130	2,216,785	724,680	527,140	379,845
2010	3,837,300	583,775	2,230,578	736,785	531,070	376,780
2011	3,857,625	585,845	2,245,400	741,925	536,370	378,480
2012	3,883,735	587,865	2,265,725	748,445	542,845	381,680
2013	3,919,020	592,120	2,291,650	756,530	550,990	386,080
2014	3,962,710	601,510	2,324,535	765,775	560,465	391,525
2015	4,013,845	613,355	2,364,954	777,490	570,510	397,385
2016	4,076,350	627,395	2,407,540	790,670	583,595	404,980
2017	4,141,100	639,100	2,452,195	803,000	595,860	413,000
2018	4,195,300	648,740	2,489,710	813,300	606,280	419,425
2009-2018 Compounded Annual Rate of Change	1.0%	1.2%	1.3%	1.3%	1.6%	1.1%
2014-2018 Compounded Annual Rate of Change	1.4%	1.9%	1.7%	1.5%	2.0%	1.7%

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

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

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

INCOME

Table 34 below shows personal income and per capita income for the MSA compared to similar data for the State and nation.

Table 34
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
MSA, Oregon, and the United States

Year	Total Personal Income MSA (millions)	Per Capita Income		
		MSA	Oregon	USA
2008	\$90,841	\$41,807	\$37,015	\$40,904
2009	86,756	39,314	35,402	39,284
2010	88,949	39,854	36,050	40,545
2011	94,878	42,003	37,788	42,727
2012	101,391	44,369	39,566	44,582
2013	102,907	44,562	39,964	44,826
2014	110,740	47,275	42,411	47,025
2015	119,339	50,097	45,069	48,940
2016	124,974	51,576	46,413	49,831
2017	131,861	53,751	48,137	51,640
2008-2017 Compounded Annual Rate of Change	4.2%	2.8%	3.0%	2.6%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, as of June 5, 2018

LABOR FORCE AND UNEMPLOYMENT

Table 35 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 2009 through 2018. For April 2019, the seasonally-adjusted unemployment rate for the MSA was 3.9 percent (3.7 percent not seasonally-adjusted) with a resident civilian labor force of 1,326,899 (seasonally-adjusted). Table 36 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2009 through 2018.

Table 35
CITY OF PORTLAND, OREGON
MSA Labor Force and Unemployment Rates⁽¹⁾

Year	Resident Civilian Labor Force	Unemployment		Total Employment
		Number	Percent of Labor Force	
2009	1,184,164	128,971	10.9%	1,055,193
2010	1,207,837	123,713	10.2	1,084,124
2011	1,214,757	108,920	9.0	1,105,837
2012	1,198,820	95,636	8.0	1,103,184
2013	1,180,637	83,899	7.1	1,096,738
2014	1,199,176	73,586	6.1	1,125,590
2015	1,229,252	64,213	5.2	1,165,039
2016	1,272,731	58,370	4.6	1,214,361
2017	1,303,198	50,863	3.9	1,252,335
2018	1,313,058	51,059	3.9	1,261,999

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

Source: State of Oregon Employment Department as of June 5, 2019

Table 36
CITY OF PORTLAND, OREGON
Average Annual Unemployment
MSA, Oregon, and the United States
(Not Seasonally Adjusted)

Year	MSA	State of Oregon	USA
2009	10.9%	11.3%	9.3%
2010	10.2	10.6	9.6
2011	9.0	9.5	8.9
2012	8.0	8.8	8.1
2013	7.1	7.9	7.4
2014	6.1	6.8	6.2
2015	5.2	5.6	5.3
2016	4.6	4.8	4.9
2017	3.9	4.1	4.4
2018	3.9	4.2	3.9

Source: State of Oregon Employment Department as of June 5, 2019

EMPLOYMENT BY INDUSTRY

Non-manufacturing employment (including government) accounts for about 89 percent of non-farm employment in the Portland area. The MSA's manufacturing employment, accounting for the remaining 11 percent of area employment, is largely based in the metals and computer and electronic equipment sectors.

Table 37
CITY OF PORTLAND, OREGON
Portland-Vancouver-Hillsboro, OR-WA MSA
Non-Farm Wage and Salary Employment⁽¹⁾

Industry	2014	2015	2016	2017	2018
Total nonfarm employment	1,076,000	1,112,700	1,145,700	1,175,100	1,197,300
Total private	930,100	962,600	992,300	1,018,600	1,047,400
Mining and logging	1,200	1,300	1,300	1,300	1,400
Construction	55,600	56,200	61,800	67,400	72,400
Manufacturing	118,200	122,300	123,000	123,600	127,600
Durable goods	88,200	91,000	91,000	90,800	94,000
Wood product manufacturing	3,700	3,800	3,900	4,000	4,100
Primary metal manufacturing	6,400	6,400	5,900	5,700	5,700
Fabricated metal product manufacturing	12,400	12,800	12,700	12,500	13,100
Machinery manufacturing	8,700	8,900	8,900	9,500	10,300
Computer/electronic product manufacturing	35,400	36,600	36,700	35,700	37,000
Transportation equipment manufacturing	7,400	7,800	7,300	6,800	6,900
Nondurable goods	30,000	31,400	32,000	32,800	33,600
Food manufacturing	11,800	12,500	13,100	13,500	13,800
Paper manufacturing	3,100	3,100	2,900	3,000	2,600
Trade, transportation, and utilities	200,900	206,900	209,900	214,900	217,500
Wholesale Trade	53,000	54,000	54,600	56,000	56,700
Retail trade	112,400	115,900	117,300	119,100	119,600
Utilities	2,300	2,200	2,300	2,400	2,500
Transportation and warehousing	33,300	34,800	35,800	37,400	38,700
Information	24,300	25,100	26,100	25,900	25,400
Financial activities	64,300	66,600	68,400	70,700	72,100
Professional and business services	164,600	171,900	177,400	181,700	184,700
Educational and health services	155,100	159,700	164,300	169,300	179,500
Leisure and hospitality	107,900	113,400	118,600	122,300	124,800
Other services	38,100	39,300	41,600	41,400	42,100
Government	146,500	150,100	153,400	156,500	149,900

(1) Not seasonally adjusted.

Source: State of Oregon Employment Department QualityInfo.org as of June 5, 2019

Table 38
CITY OF PORTLAND, OREGON
Major Employers in the MSA

Employer	Product or Service	Estimated Metro Area Employment
Private Employers		
Intel Corporation	Computer and electronic products	20,000
Providence Health System	Health care & health insurance	18,586
Nike Inc.	Sports shoes and apparel	12,000
Legacy Health System	Health care	11,250
Fred Meyer Stores	Retail/grocery	7,741
PeaceHealth	Health care	4,403
U.S. Bank	Bank & holding company	4,031
Wells Fargo	Bank	3,855
Precision Castparts Corp.	Metals manufacturing	3,300
Daimler Trucks North America	Heavy duty trucks	2,800
The Standard	Insurance	2,277
Adidas	Sports shoes and apparel	1,768
Public Employers		
Oregon Health and Science University	Health care & education	16,658
City of Portland	Local government	9,710
Portland Public Schools	Education	7,600
Beaverton School District	Education	5,457
Multnomah County	Local government	5,401
Vancouver School District	Education	4,686
Portland Community College	Education	3,776
U.S. Postal Service	Federal government	3,602
U.S. Dept. of Veterans Affairs	Federal government	3,497
Portland State University	Education	3,340
TriMet	Mass transit	3,000
Hillsboro School District	Education	2,653
Clackamas County	Local government	2,285
North Clackamas Schools	Education	2,224
Oregon Dept. of Human Services	State government	2,071
Washington County	Local government	1,979

Source: Portland Business Journal, June 29, 2018

REAL ESTATE

Industrial

A diverse mix of industrial properties are located throughout the MSA for all types of industrial use, including more than 190 million square feet of industrial and business park space. On the east side of Portland, the Columbia Corridor is the largest industrial area in Oregon, containing approximately 22,600 acres or 28 square miles along an 18-mile stretch of land that runs along the southern shore of the Columbia River. The Columbia Corridor includes the Rivergate Industrial District, marine terminals, and Portland International Airport (“PDX”). The Rivergate Industrial Park (“Rivergate”) is a 2,800-acre area owned by The Port of Portland (the “Port”) in North Portland. In addition to Rivergate’s access to the Columbia River and PDX, the area qualifies local businesses for participation in the Portland Enterprise Zone and related tax incentives.

Just west of the City, the Sunset Corridor is the center for Oregon’s high technology industry, including Intel’s approximately 20,000-employee campuses. This area parallels a major east/west highway (U.S. Highway 26) in the

western metropolitan area. Another large submarket for industrial and flex space is the Interstate 5 (“I-5”) Corridor, which extends from southwest Portland to the City of Wilsonville along I-5.

The Portland economy remained strong in the first quarter of 2019. However, the overall industrial sector vacancy rate increased from 3.0% to 3.5% over the first quarter, largely due to delivery of new industrial product, particularly warehouse space, according to Cushman & Wakefield (a commercial real estate services firm) in its publication *Marketbeat—Portland, OR, Industrial Q1 2019*. Overall year-to-date net absorption, or the net change in occupied space, was reported at negative 747,880 square feet through the first quarter of 2019. A total of 679,090 square feet of new construction is reported to be completed, with 1.9 million square feet of new construction underway.

Office

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

The overall office vacancy rate in Portland was 11.1 percent up from the first quarter 2018 rate of 10.5 percent, as reported in *Marketbeat—Portland, OR, Office, Q1 2019* prepared by Cushman & Wakefield. Cushman & Wakefield report that new construction and redevelopment in the region continue to influence both rents and vacancy rates. The citywide first quarter overall average asking rental rate was up 6.6 percent to \$29.64 per square foot from the first quarter 2018. Class A office space in the central business district continues to fare better than the rest of the market, with asking rents averaging \$37.18 per square foot compared to \$27.92 per square foot for the Class A space in the Portland region’s suburban market.

Housing

The year-to-date median selling price of a home in the MSA through April 2019 was \$ 399,600, up 1.2 percent from the April 2018 price of \$ 395,000, according to the Realtors Metropolitan Area Multiple Listing Service. Through April 2019, homes in the MSA were on the market an average of 66 days during the year. MSA closed sales year-to-date were down 7.5 percent from the same period in 2018.

The table below compares the median home sale price for the first quarter of 2018 and 2019 in the MSA and with the nation.

Table 39
CITY OF PORTLAND, OREGON
Median Home Sale Price
(U.S. and MSA)

Region	1st Quarter 2018	1st Quarter 2019	Percent Change
U.S.	\$245,300	\$254,800	3.9%
Portland Metro. Area	384,800	390,600	1.5

Source: "Median Sales Price of Existing Single-Family Homes for Metropolitan Areas," National Association of Realtors

The market sales price trends for condominiums is shown in the table below.

Table 40
CITY OF PORTLAND, OREGON
Median Condo/Coop Sale Price
(U.S. and MSA)

Region	4th Quarter 2017	4th Quarter 2018	Percent Change
U.S.	\$237,100	\$237,900	0.3%
Portland Metro. Area	254,300	256,600	0.9

Source: "Median Sales Price of Existing Apartment Condo-Coops Homes for Metropolitan Areas," National Association of Realtors

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

Table 41
CITY OF PORTLAND, OREGON
New Single-family and Multi-family
Residential Construction Permits
(MSA)

Year	New Single Family		New Multi-Family	
	No. of Permits	Value (000s)	No. of Permits	Value (000s)
2009	3,011	\$684,062	1,009	\$111,737
2010	3,359	814,570	1,117	136,726
2011	3,132	806,212	2,081	210,024
2012	4,501	1,121,587	3,284	321,445
2013	5,717	1,498,249	6,013	558,235
2014	5,462	1,524,073	6,894	829,321
2015	7,102	1,887,703	6,865	825,331
2016	7,397	2,111,307	7,332	870,079
2017	6,211	1,862,798	9,772	1,259,625
2018	6,849	2,007,964	7,655	985,672

Source: U.S. Census Bureau as of June 5, 2019

TRANSPORTATION AND DISTRIBUTION

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

The Columbia River ship channel extends from the Portland Harbor to the Pacific Ocean 110 miles downstream. The Columbia River provides the only water route through the Cascade Mountains to the agricultural regions of eastern Oregon, Washington, and northern Idaho. This region has been opened to slack-water barge navigation by means of locks installed in a series of federal hydroelectric projects on the lower Columbia River and its largest tributary, the Snake River. There are two primary barge lines providing service between the upriver ports and Portland. In addition, the Columbia River Gorge forms a corridor through the Cascade mountains which, because it is level, provides an economical rail and highway route between the City and the region east of the Cascade mountains.

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

In 2018, 427 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2018 increased to 12.4 million short tons in 2018 compared to 11.5 million in 2017. Portland International Airport handled approximately 19.9 million airline passengers in 2018 as well as 258,239 short tons of cargo and 13,884 short tons of mail. Portland is also served by two publicly operated general aviation airports located in the suburban areas.

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

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

The Tri-County Metropolitan Transportation District of Oregon (“TriMet”), the regional public transit agency, provides rail and bus service throughout the MSA. During TriMet’s fiscal year, from July 2017 through June 2018, passengers boarded a TriMet fixed-route bus or train approximately 97.1 million times. TriMet’s light rail system (“MAX”) connects downtown Portland with the cities of Gresham, Beaverton and Hillsboro, as well as North/Northeast Portland, Clackamas Town Center, and PDX. TriMet also provides commuter rail service between Beaverton and Wilsonville.

The Portland Streetcar connects South Waterfront area along the Willamette River, the Pearl District and Northwest Portland, the Lloyd District in northeast Portland and the Central Eastside district. The Portland Streetcar is owned and operated by the City, and has entered into contracts with TriMet for train operators and mechanics.

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

Portland is Oregon’s largest city and the center of business and transportation routes in the State, and therefore accommodates a large share of the State’s tourist and business visitors. Portland is a destination for many tourists who are drawn to its diverse cultural and recreational facilities. These include the Oregon Symphony and associated musical organizations, Portland Center for the Performing Arts, Oregon Ballet, Portland Opera, Portland Center Stage, Portland Art Museum, Oregon Historical Society Museum, Children’s Museum, Oregon Museum of Science

and Industry, Forest Discovery Center, Japanese Gardens, International Rose Test Gardens, the Lan Su Chinese Garden and the Oregon Zoo. The metropolitan area includes more than 40 other local theater and performance art companies and ten additional gardens of special interest. Portland is the home of Forest Park, the largest urban park in the United States with a total of more than 5,000 acres. A prime tourist attraction for the City, known as the City of Roses, is the three-week long Portland Rose Festival held each June since 1907. More than two million participants enjoy the festival annually.

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

The National Basketball Association (“NBA”) Portland Trail Blazers play at the Rose Garden Arena complex (which includes the Veteran’s Memorial Coliseum), as do the major-junior Western Hockey League (“WHL”) Portland Winterhawks. Providence Park is the home of the Major League Soccer (“MLS”) Portland Timbers and National Women’s Soccer League (“NWSL”) Portland Thorns FC.

HIGHER EDUCATION

Within the MSA are several post-secondary educational systems. Portland State University (“PSU”), the largest university in the Oregon University System, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 200 undergraduate, masters, and doctoral programs. Enrollment for the Fall 2018 term was approximately 27,179 students. PSU is noted for the development of programs specifically designed to meet the needs of the urban center.

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

OHSU’s Marquam Hill campus sits on more than 100 acres overlooking downtown Portland. OHSU includes the schools of dentistry, medicine, nursing, and science and engineering. OHSU also includes Doernbecher Children’s Hospital and OHSU Hospital, as well as primary care and specialty clinics, research institutes and centers, interdisciplinary centers, and community service programs. Enrollment at the Portland campus for Fall 2018 was approximately 2,999 medical, dental, nursing, science, and allied health students.

Independent colleges in the MSA include Lewis & Clark College, University of Portland, Reed College, and Linfield College-Portland Campus; and several smaller church-affiliated schools, including Warner Pacific College, Concordia University, George Fox University, and Cascade College. Several community colleges serve the MSA including Portland Community College, Mt. Hood Community College, and Clackamas Community College.

UTILITIES

Electric Power and Natural Gas

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

Communications

Telephone services are provided by CenturyLink and, in some areas, Frontier. The MSA is also served by three cable service providers, primarily Comcast within the Portland city limits, and Frontier and Reliance Connects in other parts of the region.

Water, Sewer, and Wastewater

The City operates the water supply system that delivers drinking water to residents of Portland. Approximately 950,000 people, almost one-quarter of the State's population, are served by the City's water system on a wholesale and retail basis within its 225 square mile service area. The primary water source is the Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood. The City also uses groundwater as a supplemental water supply.

The City also owns, operates, and maintains sanitary and storm water collection, transportation, and treatment systems within its boundaries. The City provides sanitary sewer service to approximately 648,000 people, numerous commercial and industrial facilities, and several wholesale contract customers located adjacent to the City.

THE INITIATIVE PROCESS

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

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

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

To place a proposed state-wide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. State-wide initiatives may only be filed for general elections in even-numbered years.

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

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

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

Table 42
CITY OF PORTLAND, OREGON
Statewide Initiative Petitions that Qualified and Passed
2008-2018

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2008	8	0
2010	4	2
2012	7	2
2014	4	2
2016	4	3
2018	4	0

Source: Elections Division, Oregon Secretary of State

FUTURE STATE-WIDE INITIATIVE MEASURES

The next election at which citizen initiatives may be placed on the statewide ballot will be in November 2020.

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

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

LOCAL INITIATIVES

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

Two local initiatives qualified for the November 6, 2018 ballot and were approved by a majority of voters. Neither initiative is expected to have a material impact on the financial position of the City or its ability to pay the Notes.

TAX MATTERS

OPINION OF NOTE COUNSEL

In the opinion of Hawkins Delafield & Wood LLP, Note Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Note Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Notes, and Note Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Note Counsel, under existing statutes, interest on the Notes is exempt from State of Oregon personal income tax.

Note Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Note Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Note Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Note Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND COVENANTS

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

ORIGINAL ISSUE DISCOUNT

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Note Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Note under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

NOTE PREMIUM

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing

purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

MISCELLANEOUS

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

RATING

The Notes have been rated “MIG 1” by Moody’s Investor Service, Inc. (“Moody’s”). The rating reflects only the view of the rating organization and any desired explanation of the significance of the rating should be obtained from Moody’s Investors Service, Inc., 250 Greenwich Street, New York, New York, 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Notes.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes by the City are subject to the approving opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Note Counsel, substantially in the form attached hereto as Appendix C. Hawkins Delafield & Wood LLP is also serving as Disclosure Counsel to the City in relation to this Official Statement.

LITIGATION

NO LITIGATION CHALLENGING THE NOTES

No litigation is pending against the City or, to the knowledge of the officers of the City charged with issuing the Notes, threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way (1) restraining or enjoining the issuance, sale, or delivery of the Notes, (2) questioning or affecting the validity of the Notes or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, or delivery of the Notes.

LITIGATION GENERALLY

Members of the public and advocacy groups from time to time assert that they intend to file a legal action against the City challenging certain programs, laws or actions that the City, its officers or bureaus have taken. Because the City cannot be certain as to whether such actions will actually be filed, the legal assertions that may be made in a potential action or the remedy sought in terms of the amount of damages or performance requested of the City, the

City includes as threatened litigation only situations in which the City is engaged in active settlement negotiations with a person or group in order to pre-empt filing of a lawsuit.

The City discloses only pending or threatened litigation that the City has determined may have a materially adverse impact on the City's financial position. The current level of materiality involves litigation where the damages or performance sought has a reasonable probability of imposing liability of \$5 million or more against the City's General Fund.

There is no litigation pending or threatened against the City which impairs the City's ability to make principal and interest payments on the City's full faith and credit obligations when due. Except as noted in the following paragraphs, there is no litigation pending or threatened against the City which would materially and adversely affect the financial condition of the City.

On December 6, 2011, the City was sued by a group of water and sewer ratepayers in *Anderson et al. v. City of Portland*, Multnomah County Circuit Court Case No. 1112-15957 (the "Anderson Case"). Plaintiffs challenged certain expenditures by the City's Water Bureau and Bureau of Environmental Services, alleging that the expenditures were not authorized by the City Charter and seeking to reimburse the Water Fund and Sewage Disposal Fund. The City vigorously defended this lawsuit, and on June 30, 2017, the Court issued an Amended Opinion ordering the City to reimburse the Water Fund \$13,506,511 and the Sewer Fund \$3,555,211. On December 20, 2017, Council passed an ordinance authorizing the Mayor to settle this lawsuit for a total of \$10 million, \$3 million of which was paid to the plaintiffs' attorneys on December 29, 2017, from General Fund resources. The remaining \$7 million must be reimbursed to the water and sewer funds by September 30, 2019, also from General Fund resources. There will be no appeal of the lawsuit, it and will be dismissed from the Circuit Court with prejudice, meaning these plaintiffs cannot bring these or similar claims against the City in the future.

In 2000, Portland Harbor, a 10-mile industrial stretch of the Lower Willamette River outside of the City's urban center, was listed by the EPA as a Superfund site. The EPA notified the City that it may have liability for releases of contaminants in the Willamette River. The City may also have liabilities to Natural Resource Trustees of the Willamette River (including tribes, and federal and state resource agencies) for damages to natural resources in Portland Harbor.

In 2017, the EPA issued its Record of Decision for the cleanup plan for the Portland Harbor Superfund Site. For purposes of comparing relative cleanup costs of different remedies, the EPA prepared rough (-30% to +50%) cost estimates. Using this method, the EPA estimated capital costs to implement the selected remedy of approximately \$1.05 billion in 2017 dollars, estimated by the EPA to be \$1.7 billion in actual future dollars. Since the issuance of the Record of Decision, the EPA has required an additional phase of environmental sampling before remedy implementation. The additional sampling is anticipated to be completed near the end of 2019. The work may change the expected costs of the remedy. The costs associated with the remedy have not been allocated among the numerous potentially liable parties.

The Natural Resource Trustees have not made a final determination of the total damages to natural resources and those costs have not been allocated among the numerous potentially liable parties.

The City is participating in voluntary, negotiated settlement processes to determine how cleanup costs can be allocated among all responsible parties. These processes cannot be concluded until the parties reach agreement or the liabilities are litigated. The City will defend against a significant allocation of liability to the City. Under Superfund law, responsible parties that fail to enter into agreements to remediate and restore Superfund sites become subject to legal action by the EPA for cleanup and restoration, including imposition of fines. Once initiated, the remedial design and implementation phase is expected to be conducted and funded over many years. The City expects to have an extended period to identify funding strategies and to fund its share of the remedy.

On July 12, 2019 a complaint was filed in Multnomah County Circuit Court challenging the City's use of ratepayer funds on expenditures related to partial settlement of City liabilities on the Portland Harbor Superfund site. Under the agreement authorizing this expenditure, the City is obligated to pay to the EPA the total sum of \$12,000,000 from both City General Fund and ratepayer sources. The complaint challenged only the City's authority to utilize

ratepayer funds for this purpose. Based on the Circuit Court’s prior rulings on this issue, the City is confident that the Charter of the City of Portland duly authorizes the City to expend ratepayer funds for this purpose.

On July 22, 2016 the Civil Rights Enforcement and Education Center (“CREEC”) on behalf of three named plaintiffs and a class of similarly situated individuals who are residents of or visitors to the City of Portland with mobility disabilities, including, but not limited to, those who use a wheelchair, scooter, or other assistive devices (collectively, the “Settlement Class”), notified the City that the City lacked adequate curb ramps in the pedestrian right of way that comply with applicable requirements of federal disability rights laws. As a result, the City and CREEC entered into a Negotiations Agreement to seek a settlement that uses more public dollars to construct an accessible city in a more manageable way over time in lieu of costly litigation and a court mandated order. The United States District Court for the District of Oregon entered its Final Judgment and Order Approving the Class Action Settlement and Consent Decree on September 27, 2018.

The Settlement Agreement will require significant increases in City funding for construction of Americans with Disabilities Act (ADA) compliant ramps throughout the City. The City estimates that complying with the terms of this twelve-year agreement will cost \$113.5 million. The City’s Bureau of Transportation has identified current and future transportation resources, as well as Council-approved General Fund resources, including General Fund-secured debt, to address approximately \$61.2 million of the liability, leaving an estimated funding gap of \$52.3 million over 12 years.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

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

MISCELLANEOUS

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

FORWARD LOOKING STATEMENTS

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

CONTINUING DISCLOSURE

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

Except as provided herein, in the previous five years, the City believes it has complied in all material respects with any previous continuing disclosure undertakings executed in connection with the Rule. The City has failed to provide certain financial information related to continuing disclosure undertakings executed in connection with multifamily housing revenue bonds issued by Home Forward, formerly the Housing Authority of Portland, for which the City executed subject-to-annual-appropriation contingent loan agreements in support of those bonds. The City has incorporated the filing of such information for the applicable Home Forward bonds into its post-issuance policies and procedures in order to maintain compliance with these continuing disclosure undertakings.

CONCLUDING STATEMENT

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

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

CITY OF PORTLAND, OREGON

By _____ /s/ Matthew Gierach
Debt Manager
Office of Management and Finance



APPENDIX A
ORDINANCE



ORDINANCE No. 189602 As Amended

*Authorize a borrowing of not more than \$52,900,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for FY 2019-20 (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Fire and Police Disability and Retirement Fund of the City of Portland (the "City") will experience a cumulative cash flow deficit during fiscal year 2019-20 due to the timing of collections of property taxes.
2. Oregon Revised Statutes Section 287A.180 authorizes the City to borrow money in anticipation of taxes and other moneys to be received by the City in fiscal year 2019-20, and to pledge its anticipated taxes and other revenues to secure those borrowings, so long as the borrowings mature within 13 months after they are issued and do not exceed 80 percent of the amount the City has budgeted to receive in that fiscal year.
3. The City will budget to receive approximately \$154,243,417 of ad valorem taxes for the Fire and Police Disability and Retirement Fund in fiscal year 2019-20.
4. Federal law permits the City to finance its cashflow deficit in the Fire and Police Disability and Retirement Fund with tax-exempt obligations, and to avoid payment of arbitrage rebate in connection with the borrowings, if within six months after the obligations are issued the City's maximum cumulative cash flow deficit, calculated taking into account a reasonable working capital reserve, does not exceed the amount the City borrows.
5. The City adopts this Ordinance to authorize the City to borrow up to \$52,900,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2019-20.

NOW, THEREFORE, the Council directs:

- a. The City hereby authorizes borrowings in an aggregate principal amount of not more than \$52,900,000 to finance its deficit in the Fire and Police Disability and Retirement Fund in anticipation of the receipt of its Fire and Police Disability and Retirement Fund levy for fiscal year 2019-20, and to pay the costs of the borrowings. The borrowings shall mature not later than thirteen months after they are issued, shall be issued under the authority of ORS 287A.180, and may be in the form of one or more notes, lines of credit, or other obligations. In connection with these borrowings, the City's Debt Manager, the Chief Financial Officer and Director of the Bureau of Revenue and Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance (any of whom is referred to in this Ordinance as a "Debt Manager") may, on behalf of the City and without further action by the Council:

1. borrow money from one or more commercial banks in the form of notes, lines of credit or other obligations, or sell notes or other obligations in the public securities markets by negotiated sale or competitive bid;
2. participate in the preparation of, authorize the distribution of, and deem final any disclosure documents that are desirable for the borrowings;
3. establish the final principal amounts, maturity dates, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the borrowings within the limitations of this Ordinance;
4. pledge the City's full faith and credit, ad valorem taxing power, and any other City taxes and revenues to pay the borrowings;
5. provide that the borrowings bear interest that is excludable from, or includable in, gross income under the federal internal revenue code;
6. covenant to comply with the requirements of federal law that are necessary for interest on tax-exempt borrowings to be excludable from gross income under the federal internal revenue code, or to receive federal income tax subsidies in connection with the borrowings;
7. negotiate the terms of, and execute and deliver any legal documents that are desired to carry out the borrowings authorized by this Ordinance, execute and deliver any related certificates or other documents, and take any other action in connection with the borrowings which the Debt Manager finds will be advantageous.

Section 2. The Council declares that an emergency exists to eliminate the potential of a negative Fire and Police Disability Retirement Fund balance that may occur under circumstances the borrowing experiences an unforeseen delay; therefore, this ordinance shall be in full force and effect from and after its passage by Council.

Passed by the Council: JUL 10 2019

Mayor Ted Wheeler
Prepared by: Bond Counsel: Matt Gierach
Date Prepared: June 11, 2019

Mary Hull Caballero
Auditor of the City of Portland
By 
Deputy

~~632~~

671

Agenda No. 189602 *As Amended*
Item Type: Ordinance No. _____
Council Meeting Date: June 26, 2019

Title: Authorize a borrowing of not more than \$52,900,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for ~~fiscal~~ ^{FY} year 2019-20 (Ordinance)

AGENDA TYPE
 Consent
 Regular
 Time Certain Start Time
Item 1 of 1
Total amount of time needed for presentation, testimony and discussion (Regular and Time Certain Only): 10 Minutes

INTRODUCED BY: Mayor Ted Wheeler

COMMISSIONER / AUDITOR APPROVAL
Mayor - Finance & Admin. - Wheeler Digitally signed by Mustafa Washington
Mustafa Washington
Date: 2019.06.10 11:51:25 -0700
Position 1/ Utilities - Fritz
Position 2/ Works - Fish
Position 3/ Affairs - Hardesty
Position 4/ Safety - Eudaly
City Auditor - Hull Caballero

BUREAU APPROVALS
Bureau: OMF/BRFS
OMF/CAO: Tom Rinehart Digitally signed by Tom Rinehart
Date: 2019.06.10 15:43:59 -0700
Bureau Approval: Jennifer Cooperman Digitally signed by Jennifer Cooperman
Date: 2019.06.07 10:15:12 -0700

Prepared By: Bond Counsel: Matt Gierach
Date Prepared: June 11, 2019

1) Is a completed Impact Statement attached? Yes
2) Does the item amend the budget? Yes No
If yes, **Budget Office** Approval

3) Is the item a Code ordinance? Yes No
If yes, **Auditor Office** Approval

4) Is this item a contract (current or future), code, easement, franchise, comp plan or Charter? Yes No
If yes, **Attorney Office** Approval

5a) Is item a Portland Policy Document or Administrative Rule? Yes No
5b) If yes, is the City Policy/Admin Rule directive in the ordinance or resolution? Yes No

ACTION TAKEN:
JUN 26 2019 PASSED TO SECOND READING JUL 10 2019 9:30 A.M.

CLERK USE: DATE FILED 6/18/19
Mary Hull Caballero
Auditor of the City of Portland
By: Keelan McClymont Digitally signed by Keelan McClymont
Date: 2019.06.10 15:45:40 -0700
Deputy

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Fish	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Hardesty	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Eudaly	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wheeler	<input checked="" type="checkbox"/>	<input type="checkbox"/>



APPENDIX B
EXCERPTS OF AUDITED FINANCIAL STATEMENTS



INTRODUCTION TO EXCERPTS OF FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2014, 2015, 2016, 2017, and 2018. Copies of these financial statements containing the reports of the independent certified public accountants are available on the City's website at:

<https://www.portlandoregon.gov/omf/26053>

The following pages in this Appendix B are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2014 through June 30, 2018. The notes that follow the tabular data have been prepared by the City and have not been reviewed by the independent auditor.

A CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THIS OFFICIAL STATEMENT AND IS THEREFORE NOT ASSOCIATED WITH THIS OFFICIAL STATEMENT.

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

	2014	2015	2016	2017	2018
Revenues					
Taxes	338,338,808	360,355,397	380,144,273	396,842,948	422,674,507
Payments in lieu of taxes	924,647	586,440	698,417	925,534	1,420,541
Rents and reimbursements	4,738,380	4,686,789	4,831,542	4,866,766	4,892,848
Licenses and fees	167,880,349	184,881,129	198,978,646	213,377,412	223,064,189
Intergovernmental revenues	27,200,418	28,463,550	29,807,858	28,923,286	35,860,138
Charges for services	12,395,309	13,899,341	13,825,116	13,159,071	15,122,570
Interagency	48,238,550	44,969,245	49,045,819	55,062,892	61,076,933
Miscellaneous service charges	2,494,754	3,382,288	4,473,354	7,215,001	6,694,994
Investment earnings	1,279,286	1,382,154	1,996,603	1,533,230	1,801,332
Other miscellaneous revenues	3,243,842	3,521,445	3,120,724	3,344,321	4,166,242
Total revenues	606,734,343	646,127,778	686,922,352	725,250,461	776,774,294
Expenditures					
Public safety	386,756,653	406,094,441	421,507,535	432,959,906	470,912,771
Parks/recreation/cultural	63,842,686	69,068,004	77,497,187	86,828,104	92,537,178
Community development	36,329,749	42,826,296	51,901,948	55,334,799	59,329,122
Support svcs./legis./admin.	63,226,710	64,893,554	68,033,585	71,197,778	81,344,595
Capital outlay	6,815,692	6,233,281	1,544,189	3,441,946	2,461,790
Debt service and related costs	6,824,590	7,452,062	8,190,788	8,991,917	9,856,184
Total expenditures	563,796,080	596,567,638	628,675,232	658,754,450	716,441,640
Revenues over (under) expenditures	42,938,263	49,560,140	58,247,120	66,496,011	60,332,654
Other Financing Sources (Uses)					
Transfers in	10,348,435	4,850,709	1,064,081	2,164,446	1,293,264
Transfers out	(35,609,531)	(45,299,251)	(63,837,143)	(58,287,236)	(54,084,721)
Proceeds from sale of capital assets	0	300	1,188	5,463	0
Total other sources (uses)	(25,261,096)	(40,448,242)	(62,771,874)	(56,117,327)	(52,791,457)
Net change in fund balances	17,677,167	9,111,898	(4,524,754)	10,378,684	7,541,197
Fund balance, beginning	79,290,866	96,968,033	106,079,931	101,555,177	111,933,861
Reclassifications					
Special revenue fund to general fund per GASB 54	-	-	-	-	-
Fund balances, ending	\$96,968,033	\$106,079,931	\$101,555,177	\$111,933,861	\$119,475,058

Source: City of Portland. Information presented for Fiscal Years 2014 through 2018 are derived from City of Portland audited annual financial statements.

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

	2014	2015	2016	2017	2018
ASSETS:					
Unrestricted:					
Cash and investments	\$73,099,421	\$80,235,981	\$80,667,323	\$93,431,942	\$98,872,008
Receivables:					
Taxes	14,192,434	15,131,852	14,276,702	16,046,561	18,570,996
Accounts, net	30,446,842	32,336,325	32,298,959	32,494,604	34,622,036
Accrued interest, advances	1,633,590	647,339	903,891	1,551,589	2,336,910
Notes and loans, net	0	0	224,724	375,880	339,717
Assessments	19,876	16,336	6,621	2,178	3,162
Due from component units	318,277	232,755	0	124,901	154,686
Internal loans	695,000	725,000	86,433	0	0
Inventories	299,864	286,027	270,633	252,251	365,483
Prepaid Items	245,429	227,747	182,389	152,359	176,614
Restricted:					
Cash and investments	5,881,293	5,966,918	6,778,179	7,204,523	8,845,991
Receivables:					
Taxes	8,231,915	7,398,731	6,437,733	7,330,174	9,155,346
Total assets	\$135,063,941	\$143,205,011	\$142,133,587	\$158,966,962	\$173,442,949
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities payable from unrestricted assets:					
Accounts payable	\$7,729,597	\$8,775,467	\$12,968,489	\$15,716,359	\$16,176,237
Unearned revenue	152,320	156,593	166,276	209,186	291,040
Internal loans payable	1,323,735	-	-	-	-
Due to component unit	1,255,384	994,181	1,483,531	1,905,251	1,932,029
Other liabilities	32,866	32,866	32,866	-	-
Liabilities payable from restricted assets:					
Due to fiduciary fund	8,231,915	7,398,731	6,437,733	7,330,174	9,155,346
Other liabilities	5,881,293	5,966,918	6,778,179	7,204,523	8,845,991
Total liabilities	24,607,110	23,324,756	27,867,074	32,365,493	36,400,643
Deferred inflows of resources					
Unavailable revenue - unrestricted	13,488,798	13,800,324	12,711,336	14,667,608	17,567,248
Total deferred inflows of resources	13,488,798	13,800,324	12,711,336	14,667,608	17,567,248
Fund balance					
Nonspendable	545,293	513,774	453,022	404,610	542,097
Committed	60,077,408	58,885,208	56,495,175	58,916,535	60,999,524
Assigned	7,444,423	30,220,861	17,351,152	13,028,310	-
Unassigned	28,900,909	16,460,088	27,255,828	39,584,406	57,933,437
Total fund balance	96,968,033	106,079,931	101,555,177	111,933,861	119,475,058
Total liabilities, deferred inflows of resources and fund balances	\$135,063,941	\$143,205,011	\$142,133,587	\$158,966,962	\$173,442,949

Source: City of Portland. Information presented for Fiscal Years 2014 through 2017 are derived from City of Portland audited annual financial statements.



APPENDIX C
FORM OF LEGAL OPINION



On the date of issuance of the Notes, Hawkins Delafield & Wood LLP, Note Counsel, proposes to issue its approving opinion in substantially the following form:

August 8, 2019

City of Portland
1120 SW Fifth Avenue, Suite 1250
Portland, Oregon 97204

Subject: \$26,290,000 City of Portland, Oregon, Tax Anticipation Notes, Series 2019
(Fire and Police Disability and Retirement Fund)

Ladies and Gentlemen:

We have acted as note counsel in connection with the issuance by the City of Portland, Oregon (the “City”) of its Tax Anticipation Notes, Series 2019 (Fire and Police Disability and Retirement Fund) (the “Notes”), which are dated as of their date of delivery and are issued in the aggregate principal amount of \$26,290,000. The Notes are issued pursuant to ORS Section 287A.180 and the other relevant provisions of ORS Chapter 287A, and City Ordinance No. 189602 enacted July 10, 2019 (the “Ordinance”).

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

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

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

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

2. The City has pledged its full faith and credit and taxing power to the punctual payment of interest on and principal of the Notes as the same shall become due and payable.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City, and others in connection with the Notes, and we have assumed compliance by the City and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that, for federal income tax purposes, interest on the Notes not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Notes, the City will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Notes, and (ii) compliance by the City with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

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

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

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

We have served as note counsel only to the City in connection with the Notes and have not represented and are not representing any other party in connection with the Notes. This opinion is given solely for the benefit of the City in connection with the Notes and may not be relied on in any manner or for any purpose by any person or entity other than the City, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE



CONTINUING DISCLOSURE CERTIFICATE

\$26,290,000
City of Portland, Oregon
Tax Anticipation Notes
Series 2019
(Fire and Police Disability and Retirement Fund)

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the City of Portland, Oregon (the “City”) in connection with the issuance of the City’s Tax Anticipation Notes, Series 2019 (Fire and Police Disability and Retirement Fund) (the “Notes”).

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

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

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

“Commission” means the U.S. Securities and Exchange Commission.

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

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

Section 3. Material Events. The City agrees to provide or cause to be provided to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Notes:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (g) Modifications to the rights of security holders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph (l), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of the obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material. For the purposes of this paragraph (o) and paragraph (p) below, “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule;
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

Section 4. Dissemination Agent. The City may, from time to time, engage or appoint an agent to assist the City in disseminating information hereunder (the “Dissemination Agent”). The City may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 5. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the City’s obligation to provide notice of material events shall terminate upon the legal defeasance, prior redemption, or payment in full of the Notes. This Certificate, or any provision hereof, shall be null and void if (a) the City obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the execution and delivery of this Certificate, or any portion hereof, are invalid, have been repealed retroactively, or otherwise do not apply to the Notes, and (b) the City notifies and provides the MSRB a copy of such opinion and the termination of its obligations under this Certificate.

Section 6. Enforceability and Remedies. The City agrees that this Certificate is intended to be for the benefit of registered and Beneficial Owners of the Notes and shall be enforceable by or on behalf of any such Beneficial Owner; provided that, the right of any certificate holder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount represented by the Notes. Any failure by the City to comply with the provisions of this undertaking shall not be an event of default under the Notes or any other documents executed in relation to the Notes. This Certificate confers no right on any person or entity other than the City, the holders of the Notes, and any Dissemination Agent.

Section 7. Amendment. The City may amend this Certificate without the consent of holders of the Notes under the following conditions:

- (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- (b) this Certificate, as amended, would have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the amendment does not materially impair the interest of holders of the Notes, as determined either by parties unaffiliated with the City (such as nationally recognized bond counsel), or by approving vote of holders representing at least sixty percent (60%) of the aggregate outstanding principal amount represented by the Notes, as applicable.

The City shall provide to the MSRB notice of any amendment that changes the accounting principles followed by the City in preparation of its annual financial information. The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

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

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

Section 10. Filing Through EMMA. So long as the MSRB continues to approve the use of EMMA, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

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

Dated as of the 8th day of August, 2019.

City of Portland, Oregon

Debt Manager

APPENDIX E
BOOK-ENTRY SYSTEM



BOOK-ENTRY SYSTEM

Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance

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

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



