OFFICIAL STATEMENT DATED JANUARY 12, 2022

BOOK-ENTRY ONLY

City of Portland, Oregon

$41,730,000 **Limited Tax Revenue Bonds** **2022 Series A** **(Transportation Projects)** **(Tax-Exempt)**	**$9,505,000** **Limited Tax Improvement Bonds** **2022 Series B** **(Federally Taxable)**
BASE CUSIP: 736740	**BASE CUSIP: 736679**
Due: October 1, as shown on inside cover	**Due:** June 1, as shown on inside cover

DATED: Date of Delivery

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.

Rating	Moody's Investors Service: Aaa
Tax Status	In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel ("Bond Counsel") to the City of Portland (the "City"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2022 Series A Bonds 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 2022 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In the opinion of Bond Counsel, interest on the 2022 Series B Bonds is not excludable from gross income for federal income tax purposes under existing law. In the opinion of Bond Counsel, interest on the 2022 Series A Bonds and the 2022 Series B Bonds (collectively, the "Bonds") is exempt from State of Oregon personal income tax under existing law. See "TAX MATTERS: 2022 SERIES A BONDS – FEDERALLY TAX-EXEMPT" and "TAX MATTERS: 2022 SERIES B BONDS – FEDERALLY TAXABLE" herein.
Security	The City has pledged its full faith and credit and taxing power within the limits of Article XI, Section 11 and 11b of the Oregon Constitution to pay the Bonds. The 2022 Series B Bonds are also secured by and expected to be paid primarily from Assessment Payments as describe herein. See "THE BONDS – SECURITY AND SOURCES OF PAYMENT" herein.
Purpose	Proceeds of the 2022 Series A Bonds will be used to: (a) finance a variety of transportation projects throughout the City (the "Transportation Projects"); and (b) pay costs of issuance of the 2022 Series A Bonds. Proceeds of the 2022 Series B Bonds will be used to (a) finance and refinance the costs of local improvement projects, system development charge projects and sidewalk repair projects (the "Local Improvement Projects"); and (b) pay costs of issuance of the 2022 Series B Bonds. See "THE BONDS – AUTHORIZATION AND PURPOSE" herein.
Interest Payment Dates	Interest payments on the 2022 Series A Bonds will be due on each April 1 and October 1, commencing April 1, 2022. Interest payments on the 2022 Series B Bonds will be due on each June 1 and December 1, commencing June 1, 2022.
Principal Payment Dates	Principal payments on the 2022 Series A Bonds will be due on October 1 as shown on the inside cover pages. Principal payments on the 2022 Series B Bonds will be due on June 1, as shown on inside cover pages.
Denominations	$5,000 and any integral multiple thereof.
Optional Redemption	The 2022 Series A Bonds maturing on or after October 1, 2032, are subject to redemption at the option of the City on October 1, 2031, or any date thereafter at a price of par. The 2022 Series B Bonds maturing on or after June 1, 2033, are subject to redemption at the option of the City on June 1, 2032, or any date thereafter at a price of par.
Mandatory Redemption	The 2022 Series B Bonds maturing on June 1, 2032 and June 1, 2042, are subject to mandatory redemption, in integral multiples of $5,000, in order of maturity and by lot within a maturity, on June 1, 2022, and on any interest payment date thereafter, at a price of par plus interest accrued to the date fixed for redemption, from Assessment Payments. See "THE BONDS – REDEMPTION OF THE BONDS – Mandatory Redemption" herein.
Date of Delivery	It is expected that delivery of the Bonds will be made on or about January 25, 2022.
Book-Entry System	The Depository Trust Company.
Bond Counsel	Hawkins Delafield & Wood LLP, Portland, Oregon.
Paying Agent	U.S. Bank National Association.

MATURITY SCHEDULE

CITY OF PORTLAND, OREGON

$41,730,000
Limited Tax Revenue Bonds
2022 Series A
(Transportation Projects)
(Tax-Exempt)

Due October 1	Principal Amount	Interest Rate	Yield	Price	CUSIP No. Ψ 736740
2022	$1,350,000	5.000%	0.400%	103.135	VU2
2023	1,415,000	5.000	0.430	107.656	VV0
2024	1,490,000	5.000	0.580	111.750	VW8
2025	1,565,000	5.000	0.720	115.528	VX6
2026	1,645,000	5.000	0.840	119.063	VY4
2027	1,730,000	5.000	0.980	122.168	VZ1
2028	1,820,000	5.000	1.090	125.135	WA5
2029	1,915,000	5.000	1.170	128.063	WB3
2030	2,010,000	5.000	1.220	131.052	WC1
2031	2,115,000	5.000	1.270	133.883	WD9
2032	2,210,000	4.000	1.340	124.079*	WE7
2033	2,290,000	3.000	1.500	113.471*	WF4
2034	2,345,000	2.000	1.860	101.234*	WG2
2035	2,395,000	2.000	1.900	100.879*	WH0
2036	2,445,000	2.000	1.950	100.438*	WJ6
2037	2,495,000	2.000	2.000	100.000	WK3
2038	2,545,000	2.000	2.050	99.295	WL1
2039	2,595,000	2.000	2.130	98.091	WM9
2040	2,650,000	2.125	2.200	98.854	WN7
2041	2,705,000	2.250	2.250	100.000	WP2

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* Priced to call date of October 1, 2031

MATURITY SCHEDULE

CITY OF PORTLAND, OREGON

$9,505,000
Limited Tax Improvement Bonds
2022 Series B
(Federally Taxable)

Due June 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP No. Ψ 736679
2022	$200,000	0.400%	0.400%	100.000	D81
2023	450,000	0.750	0.750	100.000	D99
2024	450,000	1.100	1.100	100.000	E23
2025	455,000	1.350	1.350	100.000	E31
2026	455,000	1.500	1.500	100.000	E49
2027	380,000	1.600	1.600	100.000	E56

$2,390,000 2.100% 2022 Series B Term Bond maturing June 1, 2032
Price to Yield 2.100% (CUSIP No. 736679 E64Ψ)

$4,725,000 2.750% 2022 Series B Term Bond maturing June 1, 2042
Price to Yield 2.750% (CUSIP No. 736679 E72Ψ)

OFFICIAL STATEMENT

OF THE

CITY OF PORTLAND

MULTNOMAH, WASHINGTON AND CLACKAMAS COUNTIES

STATE OF OREGON

$41,730,000
Limited Tax Revenue Bonds
2022 Series A
(Transportation Projects)
(Tax-Exempt)

$9,505,000
Limited Tax Improvement Bonds
2022 Series B
(Federally Taxable)

CITY COUNCIL

Ted Wheeler,
Mayor and Commissioner of Office of Management and Finance

Carmen Rubio, Commissioner No. 1
Dan Ryan, Commissioner No. 2
Jo Ann Hardesty, Commissioner No. 3
Mingus Mapps, Commissioner No. 4

CITY OFFICIALS

Mary Hull Caballero, City Auditor
Brigid O'Callaghan, City Treasurer
Robert L. Taylor, City Attorney
Tom Rinehart, Chief Administrative Officer
Michelle Kirby, Chief Financial Officer

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Portland, Oregon

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Portland, Oregon

CITY OF PORTLAND, OREGON

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Information Concerning the Official Statement

No dealer, broker, salesperson or other person has been authorized by 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. Any such Forward Looking Statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, public health emergencies, such as the COVID-19 pandemic, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the City. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Bonds 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 Bonds 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 Bonds.

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OF THE
CITY OF PORTLAND, OREGON
RELATED TO

$41,730,000
Limited Tax Revenue Bonds
2022 Series A
(Transportation Projects)
(Tax-Exempt)

$9,505,000
Limited Tax Improvement Bonds
2022 Series B
(Federally Taxable)

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the "City"), its Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (Tax-Exempt) (the "2022 Series A Bonds") and its Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) (the "2022 Series B Bonds" and together with the 2022 Series A Bonds, the "Bonds"). The 2022 Series A Bonds are being issued pursuant to the Bond Declaration dated as of the Date of Delivery (the "2022 Series A Bond Declaration"). The 2022 Series B Bonds are being issued pursuant to a Bond Declaration dated as of the Date of Delivery (the "2022 Series B Bond Declaration" and together with the 2022 Series A Bond Declaration, the "Bond Declarations"). A form of the 2022 Series A Bond Declaration is attached hereto as Appendix A, and a form of the 2022 Series B Bond Declarations is attached hereto as Appendix B.

CHANGE FROM THE PRELIMINARY OFFICIAL STATEMENT

The Official Statement's Table 4, "2022 Series B Projected Term Bond Mandatory Redemptions" has been updated to reflect an assessment contract prepayment received by the City, and the interest rates and issuance costs of the 2022 Series B Bonds. Additionally, the Official Statement section "LOCAL IMPROVEMENT PROJECTS AND FINANCING – Redemption Expectations" has been updated the reflect the assessment contract prepayment.

RECENT ECONOMIC AND HEALTH DEVELOPMENTS

The paragraphs herein include forward-looking statements which represent the City's best estimates and current understanding of the economic effects of the COVID-19 pandemic on the City. The City does not guarantee the accuracy of such forward-looking statements which are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, and are subject to change at any time based on the receipt of new information from global, national and state health authorities.

COVID-19 Pandemic

The global pandemic of COVID-19, a respiratory disease caused by a new strain of coronavirus ("COVID-19"), continues to alter the behavior of people, businesses and economies worldwide. Over various periods since the beginning of the pandemic in 2020, federal, State of Oregon (the "State") and local measures and guidance instituted to slow the spread of COVID-19 through social distancing have had detrimental economic impacts both Statewide and locally. The direct negative economic impacts have been felt more acutely within certain sectors, such as travel, tourism, dining and entertainment.

On June 30, 2021, State Governor Kate Brown rescinded prior executive orders that instituted health and safety restrictions, including orders that imposed mask mandates, capacity limits, and physical distancing in businesses and other sectors. However, since that time, Oregon has seen an increase in COVID-19 cases with the delta and omicron variants. The State adopted administrative rules reinstating statewide restrictions requiring mask use in all indoor settings beginning August 13, 2021. The City cannot anticipate how this development will impact the spread of the pandemic or responses to it.

Numerous legal challenges have been filed and may in the future be filed challenging the restrictions imposed to control the spread of COVID-19. Plaintiffs generally seek injunctive relief and, in some cases, monetary damages. The City cannot predict the number of additional suits that may be filed or the timing and resolution of such suits.

Local COVID-19 Case and Vaccination Trends

As of December 28, 2021, the Oregon Health Authority estimated the total number of positive cases of COVID-19 in Oregon since March 3, 2020 to be approximately 416,020, with approximately 144,804 positive cases in Multnomah, Washington and Clackamas Counties.

The first doses of a COVID-19 vaccine were administered in Oregon on December 16, 2020, and all Oregonians ages 5 and up are eligible for vaccination. As of December 28, 2021, approximately 80.7% of State residents 18 years or older have received at least one dose of the vaccine, and approximately 84.9%, 85.2%, and 78.2% of residents of Multnomah, Washington and Clackamas counties, respectively, have received at least one dose of the vaccine. During the 2021 delta variant surge, staffed ICU and non-ICU hospital bed occupancy approached the State's total bed capacity. Based on Oregon Health Authority statistics, "Region 1" (which encompasses the City) had 315 of 340 total ICU beds and 1,876 of 1,928 non-ICU beds occupied as of December 28, 2021.

There can be no assurance of either the long-term effectiveness of the vaccine or the percentage of Oregon residents ultimately receiving the vaccine. Moreover, the City cannot predict how the COVID-19 pandemic may evolve through future variant strains, case surges and how State guidance and responses may change. The City does not plan to update this Official Statement to reflect changes to COVID-19 case rates, vaccination rates, State guidance or otherwise related to the pandemic.

COVID-19 IMPACT ON CITY OF PORTLAND

Operational Impacts

On March 12, 2020, the City declared a state of emergency, which instated restrictions on gatherings in excess of 25 people, including all non-essential in-person gatherings of City employees. The state of emergency expired on November 4, 2021. Many City bureaus and divisions continue under modified arrangements, including remote work and virtual meetings, to abide by current health guidance by federal and State health authorities. The City's Revenue Division has ceased "walk-in" service to the public, however tax collection activity has been unimpeded. Infrastructure bureaus, including the Portland Water Bureau, Bureau of Environmental Services, and Portland Bureau of Transportation ("PBOT"), have continued service delivery uninterrupted, while maintenance and repair work have adjusted to social distancing and other precautionary measures for essential staff.

In September 2021, the City Council enacted a policy requiring all existing and new City employees, with the exception of the Portland Police Bureau, to be fully vaccinated for COVID-19 or receive a medical or religious exemption by October 18, 2021. As of October 14, 2021, over 92 percent of City employees were vaccinated and, as a result, the City has not experienced significant service disruption.

Financial and Budgetary Impacts

Many aspects of the City's finances and operations, as well as the local economy, have been and are expected to be materially adversely impacted by the COVID-19 pandemic. In addition to reductions in revenues, the City has incurred and may in the future incur significant expenditures both directly in its response to the COVID-19 pandemic and indirectly through increased costs of materials, goods and services as a result of global supply chain disruptions.

In FY 2020-21, the City initially responded to the economic disruption through a variety of cost savings measures to offset an expected $75 million decrease in General Fund revenue as a result of COVID-19. Though certain General Fund tax revenue streams directly associated with sectors most adversely impacted by the pandemic have seen material decreases, actual General Fund overall performance has been stronger than expected, with a budgetary surplus of

$62 million for FY 2020-21, primarily as a result of stronger than expected business income taxes. Note the General Fund budgetary surplus excludes any federal assistance funds, as described below, which are recorded in the City's Grants Fund.

For further discussion of the City's General Fund revenue sources and projected General Fund revenues, see "ANNUAL DISCLOSURE INFORMATION – GENERAL FUND – General Fund Revenues" and "SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN – GENERAL FUND DISCRETIONARY REVENUE OUTLOOK" herein.

Federal Assistance to the City

On March 12, 2021, President Biden signed into law the American Rescue Plan Act (the "ARPA"), which, among other things, includes economic stabilization provisions that extend unemployment benefits and related services; and provides direct household aid through individual stimulus payments and child tax credits, emergency rental and utility assistance, and direct state and local government fiscal aid. The City was awarded $208 million of Coronavirus State and Local Fiscal Recovery Funds through the ARPA, half of which was received in FY 2020-21, with the remaining amount expected to be received in the latter half of FY 2021-22. Eligible uses of Coronavirus State and Local Fiscal Recovery Funds are broad, including replacement of lost revenue, and general funding of health and economic stabilization efforts to individuals and businesses. The first $104 million funding tranche was allocated by City Council to a variety of community stabilization programs and toward replacement funding to ensure continuity of Citywide operations. The City Council's application of the second $104 million funding tranche is expected to take place during the FY 2021-22 Spring Budget Modification Process and/or the FY 2022-23 Budget Process.

Additionally, the City received approximately $114 million of federal grant funding under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") enacted in March 2020. Per guidance from the United States Treasury, such funds are restricted to expenditures which are necessary in response to the public health emergency, including medical expenses, public health and safety expenses, compliance costs of COVID-19 public health measures, and economic support to small businesses. State and Local Coronavirus Relief Fund allocations are not allowed to replace lost revenues due to the COVID-19 pandemic. The City Council determined to use this funding to develop a "PDX-CARES" relief package to support individuals, families, businesses and nonprofits facing extreme hardship as a result of the COVID-19 pandemic and the resulting economic downturn. All CARES Act funds were obligated by December 31, 2021.

OTHER RECENT DEVELOPMENTS

At times during 2020 and 2021, the City experienced notable social justice and political demonstrations. In some cases, peaceful demonstrations were marred by incidents of looting, vandalism, violence and arson that resulted in damage and loss to public and private property. These events have since decreased in frequency and magnitude, however similar events may occur in the future and have a negative impact on the regional economy and, by extension, City revenues. To date, the City is not currently able to quantify these events' economic impacts separate and apart from the negative economic impacts caused by the COVID-19 pandemic. The City has incurred direct expenses in connection with these events; however, to date, these expenses have not had a material impact on the City's finances.

THE BONDS

SECURITY AND SOURCES OF PAYMENT

Pursuant to Oregon Revised Statues ("ORS") Section 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Article XI, Section 11 and 11b of the Oregon Constitution to pay the Bonds. The City is not authorized to levy additional taxes to pay the Bonds. Revenues from the City's permanent tax rate property tax levy are legally available to pay the Bonds. In FY 2020-21, revenues from that levy (including current year collections net of delinquencies and prior year collections) were approximately $446 million. See "ANNUAL DISCLOSURE INFORMATION – GENERAL FUND – Table 7" herein.

The City is obligated to pay the 2022 Series A Bonds from Available General Funds as provided and defined in the 2022 Series A Bond Declaration The 2022 Series A Bonds are not secured by a lien on, or a pledge of, any specific revenues of the City. The 2022 Series A Bonds are expected to be paid from a variety of transportation-related revenues received by the Portland Bureau of Transportation; however, such revenues are not specifically pledged to repayment of the 2022 Series A Bonds. See "ANNUAL DISCLOSURE INFORMATION OVERVIEW OF CITY INDEBTEDNESS – Bonds Paid and/or Secured by the General Fund – Self-Supporting General Fund Obligations" for more information regarding these revenues.

The 2022 Series B Bonds are secured by and expected to be paid primarily from amounts required to be paid to the City under all contracts for installment payment of assessments or other obligations for the projects that are financed or refinanced with the 2022 Series B Bonds, the net proceeds of foreclosing any such obligations (subject to the limitations described below), and interest earnings on those amounts and proceeds (collectively, the "Assessment Payments"). The City allows property owners who are assessed for the costs of public infrastructure projects that specifically benefit their properties or who are assessed systems development charges for public infrastructure to pay those charges in installments, with interest. The obligation to pay those installment payments becomes a lien on the property. The lien is superior to almost all other liens, including secured interests in property such as a mortgages, mechanic's liens, and judgment liens, but may be subordinate to certain liens such as pre-existing Internal Revenue Service liens. Under current law the lien would be extinguished if an overlapping county foreclosed on the relevant property first. Property owners may prepay their installment obligations at any time. While the City has pledged the Assessment Payments to secure the 2022 Series B Bonds, it has reserved the right to grant liens on the Assessment Payments that are superior to the lien on the Assessment Payments that secures the 2022 Series B Bonds. To the extent that Assessment Payments are not sufficient to pay the 2022 Series B Bonds, the 2022 Series B Bonds are further payable from lawfully available funds as provided in the 2022 Series B Bond Declaration.

AUTHORIZATION AND PURPOSE

The 2022 Series A Bonds are authorized by ORS Section 287A.150, the other applicable provisions of ORS Chapter 287A, and City Ordinance No. 190596 enacted on November 10, 2021 (the "LTRB Ordinance"). The 2022 Series B Bonds are authorized by ORS Section 287A.150 and other applicable provisions of ORS Chapter 287A, the City Charter, and by City Ordinance No. 190567 enacted on September 29, 2021 (the "LTIB Ordinance" and together with the LTRB Ordinance, the "Ordinances"). The 2022 Series A Bonds are being issued pursuant to the 2022 Series A Bond Declaration. The 2022 Series B Bonds are being issued pursuant to the 2022 Series B Bond Declaration. A form of the 2022 Series A Bond Declaration is provided in Appendix A, and a form of the 2022 Series B Bond Declaration is provided in Appendix B.

Proceeds of the 2022 Series A Bonds will be used to: (a) finance a variety of transportation projects throughout the City (see "THE BONDS TRANSPORTATION PROJECTS AND FINANCING" herein); and (b) pay costs of issuance of the 2022 Series A Bonds.

Proceeds of the 2022 Series B Bonds will be used to: (a) finance or refinance the costs of various local improvement projects, system development charge projects and sidewalk repair projects (collectively, the "Local Improvement Projects"); and (b) pay costs of issuance of the Series 2022 B Bonds. See "THE BONDS LOCAL IMPROVEMENT PROJECTS AND FINANCING" herein.

DESCRIPTION

The Bonds will be issued in book-entry only ("BEO") form, in registered form in denominations of $5,000 or integral multiples thereof. The Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). While the Bonds are in BEO form, principal of and interest on the Bonds will be paid through DTC. See "BOOK-ENTRY ONLY (BEO) SYSTEM" in Appendix F. The City will treat DTC as the owner of the Bonds for all purposes.

The Bonds will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the 2022 Series A Bonds is payable semi-annually on April 1 and October 1 of each year beginning April 1, 2022, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2022 Series B Bonds is payable semi-annually on June 1 and December 1 of each year beginning June 1, 2022, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Per the Bond Declarations, the Record Date for the Bonds is the close of business on the fifteenth day of the month preceding the month in which the applicable payment date occurs.

FORM

In accordance with the BEO System, the Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Purchasers of the Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the Bonds. While Cede & Co. is the registered Owner of the Bonds (in such capacity, the "Owner") as nominee of DTC, it shall be treated in all respects as the sole Owner of the Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the Bonds) all rights as Owner, including but not limited to the right to give consents, the right to receive notices (including notices of redemption), and other rights conferred on owners of the Bonds under the Bond Declarations or applicable law. So long as the Bonds are subject to the BEO System, all registrations and transfers of Beneficial Ownership of the Bonds will be made only through the BEO System. See "BOOK-ENTRY ONLY (BEO) SYSTEM" in Appendix F herein.

PAYMENT OF THE BONDS WHILE IN THE BEO SYSTEM

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

REDEMPTION OF THE BONDS

Optional Redemption

2022 Series A Bonds – The 2022 Series A Bonds maturing on or after October 1, 2032, are subject to redemption prior to maturity in whole or in part at the option of the City on October 1, 2031, and on any date thereafter, by lot, at a price of par, plus interest accrued to the date fixed for redemption.

2022 Series B Bonds – The 2022 Series B Bonds maturing on or after June 1, 2033, are subject to redemption prior to maturity in whole or in part at the option of the City on June 1, 2032, and on any date thereafter, according to DTC's procedures or by lot, at a price of par, plus interest accrued to the date fixed for redemption.

Mandatory Redemption

2022 Series B Bonds – The 2022 Series B Bonds maturing on June 1, 2032 (the "June 1, 2032 Term Bonds"), and June 1, 2042 (the "June 1, 2042 Term Bonds" and together with the "June 1, 2032 Term Bonds" the "Term Bonds") are subject to mandatory redemption, in integral multiples of $5,000, according to DTC's procedures or by lot within a maturity, on June 1, 2022, and on any interest payment date thereafter, at a price of par plus interest accrued to the date fixed for redemption, from Assessment Payments as provided in the next sentence. The City will apply Assessment Payments to redeem the Term Bonds to the extent that Assessment Payments received by the City exceed the amount the City determines it should retain to allow the City to pay scheduled debt service on the 2022 Series B Bonds from Assessment Payments. The City may use Assessment Payments to purchase Term Bonds in the secondary market, and Term Bonds purchased or optionally redeemed by the City may be credited against the mandatory redemption requirement described in this paragraph. For purposes of these mandatory redemption provisions, the City will redeem all of the June 1, 2032 Term Bonds before it redeems any of the June 1, 2042 Term Bonds. A schedule of projected Term Bonds redemptions under the 2022 Series B Bonds mandatory redemption provisions is shown below in Table 4 – 2022 Series B Projected Term Bonds Mandatory Redemptions (see "THE BONDS LOCAL IMPROVEMENT PROJECTS AND FINANCING" herein).

Notice of Redemption

While the Bonds are subject to the BEO System, notice of any redemption shall be given by the Paying Agent only to DTC in accordance with the Bond Declarations. It shall be the sole responsibility of DTC to give all notices of redemption to DTC Participants, and the DTC Participants, in turn, shall be responsible for giving such notices to the Beneficial Owners. Neither the City nor the Paying Agent will be responsible for giving any notice of redemption to any Beneficial Owner or any DTC Participant, nor shall the City or the Paying Agent be liable for any failure of DTC or any DTC Participant to give any such notice as described above.

Conditional Notice of Redemption

Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and the Bond Declarations provide that any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. The Bond Declarations require notice of such rescission or of the failure of any such condition to be given by the Paying Agent to affected Owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Effect of Notice of Redemption

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

TRANSPORTATION PROJECTS AND FINANCING

The 2022 Series A Bonds are issued to finance a variety of transportation projects included in PBOT's 5-year Capital Improvement Program established prior to the COVID-19 pandemic. Transportation projects being financed focus on transportation system expansion in key areas, safety improvements for pedestrians, bicycles and motorized vehicles, bridge crossings, greenways, enhancements in compliance with Americans with Disabilities Act standards, traffic signal upgrades and surface replacement.

The 2022 Series A Bonds are expected to be repaid from various transportation revenues, including but not limited to system development charge revenues and state highway fund gas tax revenues, and are considered self-supporting indebtedness as described in "ANNUAL DISCLOSURE INFORMATION OVERVIEW OF CITY INDEBTEDNESS – Bonds Paid and/or Secured by the General Fund – Self-Supporting General Fund Obligations" herein. However, those revenues are not pledged to repayment of the 2022 Series A Bonds. See "THE BONDS – SECURITY AND SOURCES OF PAYMENT." The 2022 Series A Bonds are being issued under a plan of finance established to simultaneously address a temporary increase in the PBOT's Capital Improvement Program and reduction in certain revenue streams as a result of the COVID-19 pandemic. The 2022 Series A Bonds are the first of two planned borrowings to finance portions of the PBOT's projected capital expenditures (aside from the General Fund-supported Build Portland Program), with a $26 million financing currently projected to occur during FY 2023-24.

The COVID-19 pandemic has affected both short- and long-term resource outlooks of PBOT, including the transportation revenues expected to pay the 2022 Series A Bonds and certain other self-supported borrowings of the City, which are described in "Overview of City Indebtedness – Bonds Paid and/or Secured by the General Fund" herein. Though State Highway Fund revenues, dedicated funds distributed by the State, have substantially recovered to pre-pandemic levels, PBOT's parking (meters, citations and permits) revenues and system development charges have experienced significant sustained decline. PBOT predicts that revenue challenges will persist even as the economy recovers due to permanent changes in practices of individuals and businesses. In the short term, PBOT has weathered the worst operational impacts of the pandemic with relatively small cuts to service levels, paired with substantial draws on discretionary and nondiscretionary reserves. In doing so, PBOT has brought longer-term structural challenges to the forefront, particularly the lack of funding sources that grow with inflation. Without additional sustainable funding sources, PBOT's long-term "level-of-service" goals will require reevaluation. Nevertheless, PBOT has committed to prudently budgeting and forecasting its debt service requirements and maintaining conservative planning standards around incurring additional borrowings expected to be paid from PBOT revenues. See "ANNUAL DISCLOSURE INFORMATION OVERVIEW OF CITY INDEBTEDNESS – Bonds Paid and/or Secured by the General Fund – Self-Supporting General Fund Obligations" herein for more information regarding the City borrowings that are expected to be paid from transportation revenues.

LOCAL IMPROVEMENT PROJECTS AND FINANCING

Description of Assessed Properties

The 2022 Series B Bonds are expected to be repaid from the Assessment Payments. A total of 127 installment contracts totaling approximately $9.4 million in principal amount are expected to be financed or refinanced with proceeds of the 2022 Series B Bonds. The following table shows the categories of assessment contracts to be financed.

Table 1
CITY OF PORTLAND, OREGON
Assessment Contracts by Type(1)

Bureau/Program	Purpose	Amount	% of Total
Local Improvement District	Streets	$7,435,342	79.35%
Portland Parks and Recreation	SDCs	978,977	10.45
Bureau of Environmental Services	SDCs	598,128	6.38
Portland Bureau of Transportation	SDCs	226,398	2.42
Portland Bureau of Transportation	Sidewalks	62,301	0.66
Portland Water Bureau	SDCs	59,849	0.64
Portland Bureau of Transportation	SDCs -Innovation Quadrant	9,807	0.10
TOTAL		$9,370,802	100.00%

(1) Totals may not sum due to rounding.
Source: City of Portland

Major property owners that are expected to have assessments financed with proceeds of the 2022 Series B Bonds are shown in the table below.

Table 2
CITY OF PORTLAND, OREGON
Assessment Contracts by Top Major Property Owner(1)

Top Major Property Owner Contracts	Contract Amount	Percentage of Total Contracts
BLOCK 290 LLC	$1,261,197	13.5%
PREG NW PORTLAND LLC	1,076,897	11.5
UCP 2055 NW SAVIER LLC	978,663	10.4
XPO PROPERTIES INC	902,485	9.6
SLABTOWN JV LLC	521,499	5.6
LPC WEST (FOR LELAND JANES OWNER LLC)	511,667	5.5
1535-A1 LLC	502,490	5.4
BURNSIDE PDX LLC	457,781	4.9
Total Top Major Property Owner Contracts	**$6,212,679**	**66.3%**
Other Property Owner Contracts	**3,158,124**	**33.7%**
Total Outstanding Contract Balance (as of 11/1/2021)	**$9,370,803**	**100.0%**

(1) Totals may not sum due to rounding.
Source: City of Portland

The total FY 2020-21 assessed value of the properties benefiting from the 2022 Series B Bonds is approximately $1,319.0 million. Value to loan ratios by class are as follows:

Table 3
CITY OF PORTLAND, OREGON
Value to Loan Ratios for Properties with Assessment Contracts(1)

Value to Loan Ratio	Percent of Contract Principal
Less than 2:1	2.4%
2:1 to 5:1	4.7
5:1 to 10:1	3.2
10:1 or higher	89.7

(1) Totals may not sum due to rounding.
Source: City of Portland

Redemption Expectations

Property owners have elected to make Assessment Payments over terms of 5, 10 or 20 years. The Assessment Payments are a lien on the land and not a personal obligation of the owners of that land. The lien of the Assessment Payments runs with the land and is described under "THE BONDS – SECURITY AND SOURCES OF PAYMENT" herein. No payments are required when property is transferred, but obligations can be paid off prior to transfer. Property owners have the right to prepay the unpaid principal amount of their assessment contract at any time without penalty. Property owners may become delinquent in their Assessment Payments and incur collection charges and penalties. These factors make the actual assessment repayment schedule uncertain.

The City will redeem the 2022 Series B Term Bonds according to the availability of Assessment Payments. The City may begin to redeem the 2022 Series B Term Bonds from Assessment Payments beginning June 1, 2022 if Assessment Payments materially exceed scheduled debt service requirements on the 2022 Series B Bonds. Table 4 projects the amount of 2022 Series B Bonds the City expects to redeem each year. For purposes of these mandatory redemption provisions, the June 1, 2032 Term Bonds will be redeemed in their entirety before any June 1, 2042 Term Bonds are redeemed.

The projected redemptions shown in Table 4, which include a prepayment received in January 2022, assume a prepayment rate of 20 percent in years one and two, 15 percent in years three through five, and five percent in years six through 11 for all contracts. The projected redemptions also assume delinquencies of 15 percent in years one through three, and 10 percent annually thereafter.

The City makes no representation as to whether the projections shown in Table 4 will be realized. The rate of redemption of the 2022 Series B Bonds may be significantly faster or slower than is shown in Table 4 based on potential prepayments or delinquencies of the underlying Assessment Payments. Despite fluctuations in payments from Assessment Payments, the City is obligated to pay 2022 Series B Bonds when due from lawfully available funds under the full faith and credit pledge. See "THE BONDS – SECURITY AND SOURCES OF PAYMENT" herein.

Table 4
CITY OF PORTLAND, OREGON
2022 Series B Projected Term Bond Mandatory Redemptions[(1)]

Date	Projected 6/1/2032 Term Bond Redemptions	Projected 6/1/2042 Term Bond Redemptions
06/1/2022	$465,000	$0
12/1/2022	225,000	0
06/1/2023	0	0
12/1/2023	185,000	0
06/1/2024	0	0
12/1/2024	175,000	0
06/1/2025	0	0
12/1/2025	170,000	0
06/1/2026	0	0
12/1/2026	120,000	0
06/1/2027	0	0
12/1/2027	250,000	0
06/1/2028	235,000	0
12/1/2028	235,000	0
06/1/2029	235,000	0
12/1/2029	95,000	135,000
06/1/2030	0	235,000
12/1/2030	0	235,000
06/1/2031	0	235,000
12/1/2031	0	220,000
06/1/2032	0	205,000
12/1/2032	0	205,000
06/1/2033	0	210,000
12/1/2033	0	210,000
06/1/2034	0	210,000
12/1/2034	0	215,000
06/1/2035	0	210,000
12/1/2035	0	215,000
06/1/2036	0	210,000
12/1/2036	0	195,000
06/1/2037	0	180,000
12/1/2037	0	190,000
06/1/2038	0	185,000
12/1/2038	0	185,000
06/1/2039	0	180,000
12/1/2039	0	175,000
06/1/2040	0	180,000
12/1/2040	0	180,000
06/1/2041	0	125,000
Total	$2,390,000	$4,725,000

(1) Subject to change. The City makes no representation as to whether the projections shown above will be realized. The rate of redemption of the June 1, 2032 Term Bonds and June 1, 2042 Term Bonds may be significantly faster or slower than shown in the projections above.

Source: City of Portland

ESTIMATED SOURCES AND USES OF FUNDS

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

Table 5
CITY OF PORTLAND, OREGON
Estimated Sources and Uses of Funds

	2022 Series A	2022 Series B
SOURCES OF FUNDS		
Par amount of bonds	$41,730,000.00	$9,505,000.00
Net original issue premium/(discount)	4,404,950.40	-
Cash contribution	-	17,979.00
Total sources of funds	$46,134,950.40	$9,522,979.00
USES OF FUNDS		
Projects and repaying interim financing for projects	$46,000,000.00	$9,370,802.49
Underwriter’s discount	44,602.02	130,570.49
Issuance costs	90,348.38	21,606.02
Total uses of funds	$46,134,950.40	$9,522,979.00

Source: City of Portland

DEBT SERVICE SCHEDULE FOR THE BONDS

The following table presents debt service schedules for the Bonds.

Table 6
CITY OF PORTLAND, OREGON
Debt Service on the Bonds

	2022 Series A Bonds		2022 Series B Bonds	
Fiscal Year	**Principal**	**Interest**	**Principal[(1)]**	**Interest**
2022	$0	$260,961	$200,000	$72,905
2023	1,350,000	1,389,675	450,000	207,500
2024	1,415,000	1,320,550	450,000	204,125
2025	1,490,000	1,247,925	455,000	199,175
2026	1,565,000	1,171,550	455,000	193,033
2027	1,645,000	1,091,300	380,000	186,208
2028	1,730,000	1,006,925	0	180,128
2029	1,820,000	918,175	0	180,128
2030	1,915,000	824,800	0	180,128
2031	2,010,000	726,675	0	180,128
2032	2,115,000	623,550	2,390,000	180,128
2033	2,210,000	526,475	0	129,938
2034	2,290,000	447,925	0	129,938
2035	2,345,000	390,125	0	129,938
2036	2,395,000	342,725	0	129,938
2037	2,445,000	294,325	0	129,938
2038	2,495,000	244,925	0	129,938
2039	2,545,000	194,525	0	129,938
2040	2,595,000	143,125	0	129,938
2041	2,650,000	89,019	0	129,938
2042	2,705,000	30,431	4,725,000	129,938
	$41,730,000	$13,285,686	$9,505,000	$3,262,958

(1) Amounts shown are the actual maturities of the 2022 Series B Bonds and do not include 2022 Series B Projected Term Bond Mandatory Redemptions as described in Table 4 and under "THE BONDS LOCAL IMPROVEMENT PROJECTS AND FINANCING Redemption Expectations."

Source: City of Portland

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, §.15c2-12), the City will provide annually the updated historical financial information and operating data of the type presented in this section titled "ANNUAL DISCLOSURE INFORMATION" to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, so long as the MSRB approves of its use. See Appendix E, "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

FISCAL YEAR

July 1 to June 30 (the "FY").

BASIS OF ACCOUNTING

The governmental fund types are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus and the accrual basis of accounting is used for all proprietary fund and fiduciary fund financial statements. 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 the City for FY 2002-03 through FY 2020-21.

A complete copy of the City's FY 2020-21 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 C.

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 (i.e. business income taxes), transient lodging taxes, state shared revenues (from cigarette and liquor taxes), interest income, and miscellaneous revenues and beginning cash balances. General Fund resources are generally used to support City services, including but not limited to, police, fire and parks, as well as planning, community development and administrative support services.

The following subsections provide additional detail on the historical composition of the General Fund revenues. The City's General Fund revenue is experiencing a period of uncertainty as a result of the COVID-19 pandemic. Current and future revenues described below may vary significantly from historical trends. See SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN – RECENT BUDGET ACTIONS" and "RECENT ECONOMIC AND HEALTH DEVELOPMENTS – COVID-19 IMPACT ON CITY OF PORTLAND" herein for a forecast of certain revenues sources and discussion of potential impacts to these revenue sources as a result of the COVID-19 pandemic.

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 7, 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 41.9 percent of total General Fund revenues in FY 2020-21. Property taxes consist of current year and prior years' property taxes collected from the City's $4.5770/$1,000 permanent rate levy ($279.4 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 Metro and to Multnomah County. Transient lodging taxes were 0.7 percent of General Fund revenues in FY 2020-21, or $4.4 million.

Licenses and Permits. Licenses and permits represented $270.2 million, or 40.5 percent of the General Fund revenues, in FY 2020-21. Within this category are business license fee (i.e. business income tax) revenues collected from firms doing business within the City. The City's business license fee is based upon net apportioned income, and must be paid in advance for each year of business. Utility license fees, which are paid by public utilities such as electric, natural gas, communications, and cable providers, doing business in Portland, are another major revenue source. Additionally, utility license fee revenues are derived from fees charged to their customers by the City's water and sewer utilities.

Intergovernmental Revenues. Intergovernmental revenues (6.9 percent of the FY 2020-21 General Fund revenues, or about $46.2 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 $10.3 million, or 1.6 percent of General Fund revenues in FY 2020-21. 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, including interfund revenue and investment earnings. In FY 2020-21, approximately 7.7 percent of total General Fund revenues were received from City bureaus and agencies related to the payment of specific centralized City services and functions.

The FY 2020-21 revenues described above and the historical financial information in the tables below should be considered in light of the possible or probable negative effects arising out of the COVID-19 pandemic. See SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN – RECENT BUDGET ACTIONS" and "—GENERAL FUND DISCRETIONARY REVENUE OUTLOOK," and "RECENT ECONOMIC AND HEALTH DEVELOPMENTS – COVID-19 IMPACT ON CITY OF PORTLAND" herein for a discussion of potential impacts to these revenue sources as a result of the COVID-19 pandemic.

Table 7
CITY OF PORTLAND, OREGON
General Fund Statement of Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUES					
Taxes					
Current/prior year property taxes	$235,913,405	$245,416,138	$263,445,070	$265,867,496	$279,413,863
Lodging taxes	32,849,121	34,768,146	39,187,629	30,778,450	4,431,969
Payment in lieu of taxes	925,534	1,420,541	856,213	1,139,779	861,758
Total taxes	269,688,060	281,604,825	303,488,912	297,785,725	284,707,590
Licenses and permits:					
Business licenses, net	117,864,765	134,322,893	148,543,294	172,007,557	178,536,199
Public utility licenses	89,935,334	83,525,983	89,214,435	84,534,026	87,842,868
Other	5,577,313	5,215,313	4,632,230	5,710,624	3,790,206
Total licenses and permits	213,377,412	223,064,189	242,389,959	262,252,207	270,169,273
Intergovernmental					
Federal cost sharing	236,325	150,216	19,078	98,214	136,837
State sources	17,380,938	24,737,256	24,728,361	24,027,093	28,875,734
County sources	2,393,143	2,311,929	2,369,193	1,912,468	6,462,692
Local/other sources	8,756,516	8,660,737	9,221,411	8,993,395	10,697,246
Total intergovernmental	28,766,922	35,860,138	36,338,043	35,031,170	46,172,509
Charges for services:					
Inspection fees	1,210,087	2,185,500	2,822,962	3,050,935	2,962,182
Rents and reimbursements	4,866,766	4,892,848	4,905,884	4,046,758	2,258,708
Parks and recreation facilities fees	11,946,886	12,937,070	13,503,372	6,678,198	1,768,553
Other	7,605,694	7,144,402	5,603,209	4,593,151	3,350,140
Total charges for services	25,629,433	27,159,820	26,835,427	18,369,042	10,339,583
Billings to other funds for services	28,438,210	34,536,614	37,052,235	46,278,005	51,351,416
Other	4,515,443	5,500,205	5,204,232	7,276,285	3,687,513
TOTAL REVENUES	**$570,415,480**	**$607,725,791**	**$651,308,808**	**$666,992,434**	**$666,427,884**

(table continued next page)

Table 7 (continued)
CITY OF PORTLAND, OREGON
General Fund Statement of Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
EXPENDITURES					
Public Safety	$307,805,057	$331,798,800	$349,395,745	$362,276,843	$352,710,184
Parks, Recreation and Culture	81,809,345	87,631,347	90,944,028	89,938,850	81,788,743
Community Development	52,748,842	56,742,601	65,576,529	70,312,425	64,327,629
Legislative/Admin. Support Services	81,481,873	88,403,391	87,191,690	101,602,894	114,902,357
Debt service and related costs	8,991,917	9,856,184	10,718,770	11,378,583	12,499,365
TOTAL EXPENDITURES	532,837,034	574,432,323	603,826,762	635,509,595	626,228,278
Revenues Over/(Under) Expenditures	37,578,446	33,293,468	47,482,046	31,482,839	40,199,606
OTHER FINANCING SOURCES/(USES)					
Transfers from other funds	30,386,589	29,574,815	35,143,806	31,420,451	38,480,367
Transfers to other funds	(59,517,702)	(56,704,740)	(64,148,189)	(72,719,859)	(53,065,554)
Internal loan proceeds/remittances	-	-	-	3,333,500	-
Bonds and notes issued	-	-	-	-	6,251,146
Sale of capital asset	5,463	-	-	-	
TOTAL OTHER FINANCING SOURCES/(USES)	(29,125,650)	(27,129,925)	(29,004,383)	(37,965,908)	(8,334,041)
Net Change in Fund Balance	8,452,796	6,163,543	18,477,663	(6,483,069)	31,865,565
Beginning Fund Balance, Budgetary Basis	44,155,972	52,608,768	58,772,311	77,249,974	70,766,905
Ending Fund Balance, Budgetary Basis	$52,608,768	$58,772,311	$77,249,974	$70,766,905	$102,632,470
Adjustments to GAAP basis:					
General Reserve Fund budgeted as separate fund	$58,916,535	$60,757,082	$69,192,032	$61,336,100	$67,434,679
Campaign finance budgeted as separate fund	-	242,441	1,179,266	923,157	1,035,804
Citywide Obligations Reserve budgeted as separate fund	-	-	-	-	6,930,877
Internal loans receivable	375,880	339,717	352,207	352,207	352,207
Unrealized gain (loss) on investments	(219,573)	(1,001,976)	609,379	1,422,302	109,645
Inventories	252,251	365,483	299,244	311,058	290,251
Internal loans payable	-	-	-	(3,333,500)	(2,718,500)
Ending Fund Balance, GAAP basis	$111,933,861	$119,475,058	$148,882,102	$131,778,230	$176,067,433

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.

Budget Development Process

The City Budget Office coordinates the budget development process. City bureaus generally prepare and submit budget requests, five-year financial plans and capital improvement plans. The City Budget Office reviews this information and prepares budget analysis reports for the Mayor and City Council, which summarize the budget requests and highlight issues that may be of particular concern to the City Council, the relevant bureau, or the City Budget Office. 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.

Bureau budget requests are reviewed by the Mayor and City Council, 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 a 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 Multnomah County 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.

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. On January 8, 2014, the City Council approved a partnership agreement between the City and the Citizens' Utility Board of Oregon (the "CUB"). The CUB is a non-profit organization created in 1984 by a citizens' ballot initiative to represent the interests of residential utility ratepayers statewide. As part of the partnership, CUB provided outside, independent analysis of the operations, budgets, and rates of the City's two utility bureaus, the Water Bureau and the Bureau of Environmental Services. The partnership agreement with the CUB expired at the end of FY 2020-21 and CUB chose not to renew it due in part to internal restructuring at CUB. They also cited strong bureau management, positive public perception, and Portland Utility Board (the "PUB") oversight of both bureaus as influencing this decision.

On June 10, 2015, the City Council approved creation of the PUB, a new citizen oversight panel for the Portland Water Bureau and Bureau of Environmental Services. The PUB, 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.

Budget Monitoring Process

Changes after the budget is adopted are completed through the budget monitoring process ("BMP") and the over-expenditure ordinance ("OEO"). These processes provide City Council the opportunity to change the budget several times per year. The Fall BMP is designed to give the City Council and the public a summary of prior year activity and to make adjustments to the current fiscal year budget. The Spring BMP focuses on project spending and performance estimates for the remainder of the fiscal year and also provides an opportunity to make budget adjustments. The OEO occurs during the month of June and is narrowly focused on addressing fund and program over-expenditures and interfund loans to ensure that funds do not end the fiscal year with negative cash or fund balances.

For a discussion of the City's FY 2021-22 budget and FY 2022-23 budget process and potential impacts of the COVID-19 pandemic on the City's budget, see "SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN" and "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

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 social 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 FY 2020-21, the expected rate of return was 0.75 percent. For FY 2021-22 and subsequent years, the expected rate of return used is 0.50 percent. The Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage deemed as adequate, appropriate, and actuarially sound. It meets all the City's anticipated settlements, obligations and outstanding liabilities. 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. Police Law Enforcement Liability retention increased to $2.5 million for claims occurring after November 12, 2013.

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 Oregon Revised Statute ("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, 2021, and before July 1, 2022, limitations are $782,600 for single claimant and $1.565 million for multiple claimants.

Per ORS 30.273 limitations on liability of public bodies for property damage arising on or after July 1, 2021 and before July 1, 2022, limitations are $128,400 for single claimant and $641,800 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:

	FY 2020-21	FY 2019-20
Balance, beginning of fiscal year	$29,637,377	$32,420,911
Incurred claims and adjustments	73,057,063	61,096,633
Claim cash payments	(68,634,832)	(63,880,167)
Unpaid claims, end of fiscal year	$34,059,608	$29,637,377

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 by the Public Employees Retirement Board (the "PERS Board") under ORS Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). 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 PLAN" 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 an assumed earnings rate guarantee of 6.90 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, 2021, the balance of this reserve was $448.8 million. As of June 30, 2021, there were 13,991 active plan members, 129,357 retired plan members or their beneficiaries currently receiving benefits, and 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 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, 2021, there were 29,322 active plan members, 18,832 retired plan members or their beneficiaries currently receiving benefits, and 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652 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, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirement, for a total of 170,879 OPSRP Pension Program members.

Effective January 1, 2004, all active Tier 1 and Tier 2 employees also became members of the IAP. Tier 1 and Tier 2 employees retain their existing T1/T2 Pension Program account, but member contributions are now deposited into the member's IAP account, not into the member's PERS account. Pursuant to Senate Bill 1049 adopted in the 2019 Legislative Session and effective July 1, 2020, a portion of the contributions previously made to the IAP will be redirected to an "Employee Pension Stability Account" for certain PERS employees. See "—Recent Developments Related to PERS" below.

Apportionment of City Assets and Liabilities

The City is pooled with the State of Oregon and other Oregon local government and community college public employers for its T1/T2 Pension Programs (the "State and Local Government Rate Pool" or "SLGRP"), and the SLGRP's assets and liabilities are pooled. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's portion of the SLGRP's assets and liabilities is based on the City's proportionate share of SLGRP's pooled covered payroll. OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's 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 8
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Actuarial Assumptions and Methods

ASSUMPTION/METHOD	2018 & 2019 VALUATIONS(1)	2020 VALUATION(4)
Actuarial Cost Method:	Entry Age Normal	Unchanged
UAL Method: T1/T2 Programs OPSRP	 Level Percentage of Payroll over 20 years (fixed) (2) Level Percentage of Payroll over 16 years (fixed)	 Unchanged Unchanged
Asset Valuation Method:	Market Value(3)	Unchanged
Investment Rate of Return:	7.20%	6.90%
Payroll Growth Rate:	3.50%	3.40%
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.	Contribution rate may increase by 3% of payroll for the T1/T2 UAL rate and 1% of pay for OPSRP rate. UAL rate not allowed to decrease until the SLGRP's funded percentage excluding side accounts is over 87% and a full collar width decrease is not allowed until funded status reaches at least 90%.

(1) Assumptions and methods adopted by the PERS Board on October 4, 2019 that apply to actuarial valuations as of December 31, 2018 and as of December 31, 2019.
(2) See information regarding the one-time amortization of the unfunded actuarial liability as of December 31, 2019 as described in "—PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – Recent Developments Related to PERS."
(3) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).
(4) Assumptions and methods adopted by the PERS Board on October 1, 2021 that apply to actuarial valuations as of December 31, 2020 and as of December 31, 2021.

Source: Oregon Public Employees Retirement System

Milliman released its 2018 valuation for the Statewide PERS System as of December 31, 2018 (the "2018 System Valuation") on December 12, 2019, its 2019 valuation for the Statewide PERS System as of December 31, 2019 (the "2019 System Valuation") on September 17, 2020, and its 2020 valuation for the Statewide PERS System as of December 31, 2020 (the "2020 System Valuation") on December 9, 2021. These reports include system-wide actuarial valuations for the T1/T2 Pension Programs and OPSRP.

Milliman released the City's individual 2018 valuation as of December 31, 2018 (the "2018 City Valuation") in December 2019, the City's individual 2019 valuation as of December 31, 2019 (the "2019 City Valuation") in October 2020, and the City's individual 2020 valuation as of December 31, 2020 (the "2020 City Valuation") in December 2021. 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 (Table 9) and for the City (Table 10).

Table 9
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 (%)**
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
2018	59,593.0	86,574.7	26,981.7	68.8
2019	64,842.2	89,445.7	24,603.5	72.5
2020	67,256.6	95,300.4	28,043.8	70.6

(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 10
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 (%)
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
2018	2,202.1	3,048.8	846.8	72.2
2019	2,468.6	3,286.6	818.0	75.1
2020	2,528.2	3,498.6	970.4	72.3

(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 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.
(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 11
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 (%)
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
2018	434,168,788	846,761,641	195
2019	477,067,656	817,975,831	171
2020	495,959,286	970,377,914	196

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. The COVID-19 pandemic initially caused significant declines in the value of PERS' investments, followed by a recovery beyond those losses; however, it is currently unknown how System-wide UAL and City UAL may be affected as a result of the longer-term economic impact of the pandemic. For recent information regarding the effects of the COVID-19 pandemic on the System-wide UAL, see "—Recent Developments Related to PERS" below.

State Investment Policy

The Oregon State Treasury is the investment officer for the state of Oregon. 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 market value was revised at the OIC meeting of April 24, 2019, to 32.5 percent global equity, 17.5 percent private equity, 20 percent fixed income, 12.5 percent real estate, 7.5 percent alternatives – illiquid, 7.5 percent alternatives – diversifying strategies and 2.5 percent risk parity.

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

Table 12
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Oregon PERS Investment Returns(1)

Fiscal Year Ending June 30	Net Returns (%)
2012	1.6
2013	12.7
2014	16.6
2015	4.3
2016	1.2
2017	11.9
2018	9.4
2019	6.5
2020	0.5
2021	25.5

(1) Total fund performance, excluding variable account.
Source: Oregon Public Employees Retirement Fund System Comprehensive Annual Financial Report for FYs 2011-12 through 2020-21

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 13
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Annualized Investment Results[(1)]

	Annualized		
Periods Ending June 30, 2021	1-Year	3-Year	5-Year
Total Portfolio, Excluding Variable	25.5%	10.4%	10.5%

(1) Total fund performance, regular account. Excludes variable account.
Source: Oregon Public Employees Retirement Fund System Comprehensive Annual Financial Report for FY 2020-21

Employer Contribution Rates and Amounts

At the end of each odd-numbered year, actuarial valuations determine the employer contribution rates that are officially set by the PERS Board. Pursuant to ORS 238.225, all employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board.

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.

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 8 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 2019-21 biennium that ended on June 30, 2021. The table also shows the City's current employer contribution rates for the 2021-23 biennium that began on July 1, 2021, as reported in the 2019 City Valuation and the City's advisory-only employer contribution rates for the 2023-25 biennium as reported in the 2020 City Valuation. The rates reported in the table do not include the six percent and nine percent employee contribution rates for contributions to the IAP and "Employee Pension Stability Account" ("EPSA") paid by the City.

Table 14
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Employer Contribution Rates for the City
Percentage of Covered Payroll(1)(2)

Payrolls Paid	Past Rates 2019-2021	Current Rates 2021-23	Future Rates 2023-2025 (Advisory Only)(3)
T1/T2	21.86%	22.35%	25.51%
OPSRP General Services	15.53	18.36	21.65
OPSRP Police and Fire	20.16	22.72	26.40

(1) Includes contribution rates to fund RHIA. See "OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB") – PERS Program." For FY 2020-21, one percent of the City's covered payroll for the three pension benefit programs was approximately: $1,189,415 for T1/T2 Pension Programs; $2,791,529 for OPSRP general services; and $810,079 for OPSRP police and fire.
(2) Includes adjustments for side accounts and pre-SLGRP liabilities.
(3) Rates in this table for 2023-2025 are based on the 2020 City Valuation, which is advisory-only. Actual rates will be based on the City's individual 2021 valuation that is expected to be released in late calendar year 2022.

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 the next biennium (FYs 2023-24 and 2024-25), the financial plan assumes rates as described in the advisory-only 2020 City Valuation. For the following biennium (FYs 2025-26 and 2026-27), the financial plan assumes increases in rates for both T1/T2 and OPSRP of approximately five additional 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 bonds) 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 Pension Obligation Bonds is June 1, 2029 and are currently outstanding in the amount of $75,073,346 (excluding compounded interest). Proceeds of the Pension Obligation Bonds were deposited with PERS. Table 15 below 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 (the "FPDR levy"). See "—PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT PLAN" below. In

FY 2020-21, approximately 73 percent of the total cash contribution was for the employer share and 27 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 15
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
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
2019	86,437,805	33,027,629	119,465,434
2020	113,491,659	35,237,088	148,728,747
2021	109,135,626	36,645,814	145,781,440

(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. Cash contribution to PERS excludes amount paid by Prosper Portland.

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

Recent Developments Related to PERS

In 2019, the 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 include: a one-time re-amortization of 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 percent contributions currently made to the IAP to an 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). In June 2021, the Legislature passed House Bill 2906 ("HB 2906"), which raised the threshold level for the IAP redirect provision to $3,333 per month (indexed annually). This change is effective January 1, 2022 and is reflected in the advisory-only 2023-25 employer contribution rates described above in Table 14.

According to the 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 City cannot predict whether SB 1049 will be subject to legal challenges that could affect some or all of its provisions.

For valuations beginning in the 2023-25 biennium, the PERS Board adopted revised actuarial assumptions, which include an investment rate of return of 6.90% and a payroll growth rate of 3.40%. The PERS Board also adopted modifications to the Rate Collar methodology. See Table 8 – "Actuarial Assumptions and Methods" herein for more information.

PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT PLAN

Overview

The following discussion pertains to the City's Fire and Police Disability, Retirement and Death Benefit Plan (the "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 2020.

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, a second plan created in 1990, 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 (i.e. FPDR One described above) 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 the Oregon Public Service Retirement Plan ("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 legally available 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 state 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 compression under the State Constitution ("Measure 5 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 2021-22, the tax loss due to Measure 5 compression was approximately $10.0 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 16
CITY OF PORTLAND, OREGON
FPDR Plan -- Actuarial Assumptions and Methods
For the June 30, 2020 Valuation

Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	Market Value
Funding Policy	Pay-As-You-Go
Discount Rate	2.21%
Payroll Growth Rate	3.25%

Source: Milliman Inc., City of Portland Fire & Police Disability & Retirement (FPDR) Fund, Pension Actuarial Valuation Report as of June 30, 2020, dated January 14, 2021

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 Annual Comprehensive Financial Report ("ACFR") for FY 2020-21, 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 FY 2020-21, and contributed to the City's total net position decrease from FY 2012-13 to FY 2013-14, when GASB 68 was implemented. See table entitled "Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)" on page 394 of the City's ACFR for FY 2020-21.

Table 17
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
2019	20,001,298	3,568,635,904	3,548,634,606	0.56
2020	18,638,401	4,407,176,740	4,388,538,339	0.42
2021	13,291,727	4,553,280,004	4,539,988,277	0.29

(1) Table reflects transition to new accounting classifications as required by the Governmental Accounting Standards Board beginning with FY 2012-13.
(2) Does not include value of future dedicated FPDR property tax collections.
(3) Amounts are calculated by rolling forward prior actuarial valuations. See Table 18 below for a summary of the June 30, 2018, and June 30, 2020, valuations.
Source: City of Portland audited financial statements

Overall the net pension liability increased from $3.31 billion on June 30, 2018, to $4.44 billion on June 30, 2020, as shown in Table 18 below. Note that these valuations differ from results shown in Table 17 above because they are based on actual results prepared by Milliman and are not roll-forward amounts of prior valuations.

Table 18
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
2018	$17,790,776	$3,323,733,057	$3,305,942,281
2020	18,638,401	4,456,071,006	4,437,432,605

Source: Milliman Inc., City of Portland Fire & Police Disability & Retirement (FPDR) Fund, Pension Actuarial Valuation Report as of June 30, 2020, dated January 14, 2021

The primary reason for the growth in the plan's pension liability from June 30, 2018 to June 30, 2020 is the decrease in the discount rate (the June 30 value of the Bond Buyer General Obligation 20-Bond Municipal Bond Index each year). The rate dropped from 3.87 percent on June 30, 2018 to 2.21 percent on June 30, 2020, increasing the pension liability by $974 million. By comparison, other changes had small impacts on the liability. Higher assumed annual cost-of-living adjustments for FPDR Two retirees added $79 million to the pension liability. On the other hand, longevity declined by approximately one year for all male retirees, reducing the pension liability by $104 million. Mortality assumptions are routinely updated to reflect the experience of the larger and more statistically valid Oregon PERS sworn population. The June 30, 2020 valuation also reflects a variety of updated assumptions based on a new experience study of the FPDR Plan for the period July 1, 2014 to June 30, 2019, conducted by an independent actuarial firm. Adjustments were made to marriage rates, retirement probabilities at various ages and years of service, levels of pre-retirement withdrawal, and other areas. However, these changes had a small impact on the pension liability calculation. The actuaries estimated the new assumptions would have reduced the June 30, 2018 pension liability by $60 million.

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 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 2012-13 and FY 2021-22, Real Market Value of property subject to taxation has grown by a compounded annual rate of approximately 8.5 percent.

Table 19
CITY OF PORTLAND, OREGON
FPDR Fund--Certified Levies Compared with Maximum Levies Authorized

FYE 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
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
2019	1.09	163,748,627	419,138,031	255,389,407
2020	1.10	168,768,476	427,766,153	258,997,677
2021	1.15	182,356,015	445,250,065	262,904,050
2022	1.26	209,860,034	467,317,213	257,457,179

(1) Before Measure 5 Compression, delinquencies and discounts.
Source: City of Portland

The table below shows historical taxes imposed (after Measure 5 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 20
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
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
2019	156,454,895	124,145,879	15,515,328	6,587,313	146,248,520
2020	161,017,652	129,180,669	20,699,942	5,990,880	155,871,491
2021	173,302,844	137,292,001	23,079,937	7,446,506	167,818,444

(1) Amount after Measure 5 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, 2020. 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 fewer than one percent of modeled scenarios. This represents a slight decline from approximately one percent of modeled scenarios in the prior analysis as of June 30, 2018. As illustrated by the Levy Adequacy Analysis, growth in real market values in the City's tax base over the last decade has made it unlikely the FPDR levy will ever be insufficient to fund benefits and expenses. Under the Levy Adequacy Analysis, plan costs are expected to peak in FY 2038-39 in nominal terms; the peak on an inflation-adjusted basis is in FY 2034-35.

The table below shows projected levy rates and taxes levied at the 50th and 5th percentiles of scenarios for FY 2020-21 through FY 2039-40 as included in the 2020 Levy Adequacy Analysis. Note that the actual levy rate per $1,000 of Real Market Value was $1.15 and $1.26, respectively, for FY 2020-21 and FY 2021-22.

Table 21
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
2021	$1.16	$184,700,000	$1.16	$184,700,000
2022	1.23	196,300,000	1.24	197,100,000
2023	1.25	206,000,000	1.38	208,400,000
2024	1.26	217,000,000	1.46	225,300,000
2025	1.29	229,300,000	1.53	238,600,000
2026	1.32	244,700,000	1.63	261,700,000
2027	1.35	259,500,000	1.70	279,100,000
2028	1.37	275,300,000	1.79	302,600,000
2029	1.39	290,600,000	1.85	321,100,000
2030	1.45	316,200,000	1.99	355,400,000
2031	1.46	330,900,000	2.04	373,900,000
2032	1.46	345,900,000	2.10	397,500,000
2033	1.46	360,500,000	2.13	415,800,000
2034	1.44	370,600,000	2.16	434,900,000
2035	1.42	380,900,000	2.17	449,200,000
2036	1.38	388,200,000	2.17	463,600,000
2037	1.36	395,300,000	2.15	474,300,000
2038	1.31	398,400,000	2.12	485,700,000
2039	1.27	403,100,000	2.10	493,600,000
2040	1.22	400,900,000	2.08	505,400,000

(1) Results are expressed as a probability distribution. Amounts shown in table are median values within percentile categories. Actual rates for FY 2020-21 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, 2020, dated January 26, 2021

The current analysis extends through FY 2039-40 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 of Oregon PERS cost-sharing multiple-employer defined benefit plan and an implicit rate subsidy for retiree Health Insurance Continuation premiums.

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA's assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled covered payroll. According to the 2020 City Valuation, the City's allocated share of the RHIA program's UAL was ($276.6 million) as of December 31, 2020.

The City's current employer contribution rates to fund RHIA benefits during the 2021-23 biennium for T1/T2 employees is 0.05 percent and for OPSRP general services and police and fire employees is 0.00 percent. According to the 2020 City Valuation, the Advisory Rate to fund RHIA benefits during the 2023-25 biennium for T1/T2 employees is 0.00 percent and for OPSRP general services and police and fire employees is 0.00 percent. These employer contribution rates to fund RHIA are included in the rates described in Table 14 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 75 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. The City's estimated unfunded actuarial accrued liability for OPEB as of June 30, 2021 was $95,637,643. The valuation was 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 2.20 percent, 2.1 percent inflation rate, annual healthcare cost trend rates of 4.5 to 6.7 percent, and retirees' share of benefit-related costs of 29 percent of estimated program costs.

For FY 2020-21, the changes to the total OPEB liability is calculated as follows:

Balance at 7/1/2020	$84,298,521
Changes for the year:	
Service cost	3,003,933
Interest	2,967,230
Actual experience	-
Changes of assumptions	10,460,682
Benefit payments	(5,092,723)
Net Changes	11,339,122
Balance at 6/30/2021	$95,637,643

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, 2021.

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

Beginning in its Comprehensive Annual Financial Report for FY 2017-18, 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 FY 2020-21, the City has reported in its ACFR the following balances:

	Deferred Outflow/(Inflow) of Resources	**Net OPEB Liability/(Asset)**	**OPEB Expense (Income)**
RHIA	$2,726,188	($2,439,130)	$1,020,630
HIC	$(2,139,468)	$95,637,643	$3,759,863
Total	$586,720	$93,198,513	$4,780,493

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 No. 37475, which was adopted as binding City policy by the City Council on January 15, 2020. 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

ORS 287A.050 limits the general obligation debt that an Oregon city may have outstanding at any time to three percent of the real market value of the taxable property within the city's boundaries. Self-supporting debt, revenue bonds, general obligation bonds issued to finance the costs of local improvements assessed and paid for in installments under statutory or charter authority, bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas, power or lighting purposes, and certain parking facility bonds are legally exempt from this debt limitation. The City Charter does not further limit the amount of general obligation bonds that the City may issue.

The City is in compliance with the statutory debt limitation pertaining to general obligation bonds as shown in the table below.

Table 22
CITY OF PORTLAND, OREGON
Compliance with Statutory Debt Limitation on General Obligation Bonds

Real Market Value (FY 2021-2022)	$166,899,004,764
Debt Limit (3% of Real Market Value)	$5,006,970,143
General Obligation Bonds Outstanding[(1)]	287,580,000
Remaining Statutory Debt Capacity	$4,719,390,143

(1) Principal amount of unlimited tax general obligation bonds outstanding, see "—Unlimited Tax General Obligation Bonds" below.

Source: City of Portland as of October 31, 2021

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 entitled "Debt Statement." Outstanding debt amounts in this Official Statement are as of October 31, 2021.

Table 23
CITY OF PORTLAND, OREGON
Debt Statement as of October 31, 2021(1)

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
General Obligation Parks Bonds	$43,245,000
General Obligation Public Safety Bonds	33,960,000
General Obligation Emergency Facilities Bonds	9,170,000
General Obligation Housing Bonds	201,205,000
Total Unlimited Tax General Obligation Bonds	$287,580,000
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non-Self-Supporting	
Limited Tax Revenue Bonds	$173,590,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	27,870,754
General Fund-Secured Lines of Credit	19,582,657
Total Bonds Secured and Paid from the General Fund(1)	$221,043,411
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	$47,202,591
Limited Tax Revenue Bonds (Streetcar)	4,810,000
Limited Tax Revenue Bonds (Convention Center)	52,032,172
Limited Tax Revenue Bonds (Stadium Project)	5,075,000
Limited Tax Revenue Bonds (Sellwood Bridge Project)	60,155,000
Limited Tax Revenue Bonds (JELD-WEN Field Project)	12,000,000
Limited Tax Revenue Bonds (Portland-Milwaukie Light Rail Project)	23,455,000
Limited Tax Housing Revenue Bonds	10,974,034
Limited Tax Improvement Bonds	24,960,000
Tax Anticipation Notes (Fire and Police Disability and Retirement Fund)	38,542,500
State Loan (Columbia River Levee Project)	508,133
General Fund-Secured Lines of Credit	56,591,655
Total Self-Supporting Bonds Secured by the General Fund	$336,306,085
III. REVENUE BONDS	
First Lien Sewer Revenue Bonds	$239,870,000
Second Lien Sewer Revenue Bonds	1,125,000,000
Sewer SRF Loans	7,645,248
First Lien Water Revenue Bonds	246,515,000
Second Lien Water Revenue Bonds(2)	478,030,000
Urban Renewal Bonds	170,013,175
Urban Renewal Lines of Credit (Non-General Fund secured)	8,016,172
Total Revenue Bonds	$2,275,089,595
TOTAL – ALL OUTSTANDING DEBT	$3,120,019,091

(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. Excludes the Bonds.

(2) On February 2, 2021 the City entered into a water revenue bond in the maximum principal amount of $726,600,000 under the City's Master Second Lien Water System Revenue Bond Declaration dated May 2, 2013. The water revenue bond is structured as a draw down borrowing and issued under the United States Environmental Protection Agency's Water Infrastructure Finance and Innovation Act lending program. The amount outstanding as of October 31, 2021 was $0.

Source: City of Portland

Unlimited Tax General Obligation Bonds

The City has approximately $287.6 million of outstanding tax-supported general obligation bonds. The outstanding tax-supported general obligation 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. See Table 27, "Projected Debt Service on Outstanding General Fund Obligations" for projected debt service on the City's General Fund-secured obligations.

<u>Non-Self-Supporting General Fund Obligations</u>: Non-self-supporting General Fund obligations are either paid from lawfully available General Funds or there is risk of requiring General Fund support due to insufficiency of the repayment source. Outstanding obligations that have been determined to be non-self-supporting are as follows.

- *Limited Tax Revenue Bonds*. As of October 31, 2021, the City has $173.6 million of outstanding Limited Tax Revenue Bonds that are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to finance a variety of capital projects.

- *Limited Tax Pension Obligation Revenue Bonds*. The City issued $300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State 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 $27.9 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources. See "—PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – Pension Obligation Bonds" above.

- *Non-Self-Supporting Lines of Credit*. The City has a total of $19.6 million of principal outstanding on various non-self-supporting lines of credit, which includes (1) a total of $13.2 million outstanding on a dual-purpose $31.9 million line of credit to pay for projects related to the City's Build Portland program and for City fleet fueling stations; (2) a total of $6.4 million outstanding on a $10 million line of credit for the City's Integrated Tax System project; and (3) the City's $50 million line of credit for emergency purposes, of which $17,000 was outstanding as of October 31, 2021.

- *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 October 31, 2021, 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 $19.2 million remains outstanding.

<u>Self-Supporting General Fund Obligations:</u> 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. However, certain of these revenues have experienced a significant decrease as a result of the COVID-19 pandemic, as described herein. See also "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

Currently, the City expects to pay debt service due on its self-supporting General Fund obligations from the non-General Fund revenues described below. However, the ongoing magnitude and duration of the negative impact of the COVID-19 pandemic on certain revenues is currently unknown, and the City will continue to closely monitor the self-supporting obligations' respective revenue sources to determine whether these obligations will continue to be categorized as self-supporting General Fund obligations in the future.

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 $47.2 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 the Visitor Facilities Intergovernmental Agreement which has been amended and restated as the Second Amended and Restated Visitor Facilities Intergovernmental Agreement dated as of December 5, 2019 between the City, Multnomah County, and Metro (the "Agreement") for three projects: the completion of the Oregon Convention Center, improvements to the Portland Center for the Performing Arts (now known as the Portland '5 Centers for the Arts), and improvements to Civic Stadium Project (now known as Providence Park). While ultimately secured by the General Fund, these bonds have historically been and are expected to continue to be paid in whole or in part from funds of the Visitors Facilities Trust Account held by Multnomah County under the Agreement. The Visitors Facilities Trust Account had a cash balance of $15.7 million as of June 30, 2021 per Multnomah County's audited annual comprehensive financial report. The City has approximately $52.0 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, including the City's Limited Tax Revenue Bonds (Oregon Convention Center Completion Project), 2001 Series B and its Limited Tax Revenue Bonds, 2021 Series A (Oregon Convention Center Completion Project), and $12.0 million of outstanding bonds for the Civic Stadium Project (now known as Providence Park). See "SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN – GENERAL FUND DISCRETIONARY REVENUE OUTLOOK" for a discussion of the impact of the COVID-19 pandemic on transient lodging taxes, which comprise a portion of the amounts received by the City from the Visitors Facilities Trust Account for payment of the bonds under the Agreement.

- *Limited Tax Revenue Bonds (Sellwood Bridge Project).* The Limited Tax Revenue Bonds outstanding for the Sellwood Bridge Project are outstanding in the aggregate amount of $60.2 million, including $33.2 million of bonds issued in June 2014 and an additional $27.0 million of bonds issued for the project in June 2017. The City has historically paid and expects to continue to pay the debt service on these bonds from transportation revenues, including parking revenues, gas tax revenues and system development charges.

- *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 JELD-WEN Field (now known as Providence Park). While secured by the City's General Fund, the City has historically paid and expects to continue to pay the debt service with revenues from its Spectator Facilities Fund. The City has $5.1 million of these bonds outstanding.

- *Limited Tax Revenue Bonds (Central City Streetcar Project).* The City has $4.8 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 has historically paid and expects to continue to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

- *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 has historically paid and expects to continue to pay the debt service with transportation revenues, including parking revenues, gas tax revenues and system development charges. The City has $23.5 million of these bonds outstanding.

- *Limited Tax Revenue Bonds, 2022 Series A Bonds (Transportation Projects).* The 2022 Series A Bonds are classified as self-supporting Limited Tax Revenue Bonds and are being issued to finance various Transportation Projects and expected to be paid from PBOT revenues, primarily system development charge revenues and State Highway Fund gas tax revenues (see "THE BONDS – TRANSPORTATION PROJECTS AND FINANCING" herein).

- *Limited Tax Housing Revenue Bonds.* The City issued Limited Tax Housing Revenue Bonds in August 2020 to refund outstanding bonds for the Headwaters Apartment Project and to provide new money for repairs. A total of $11.0 million is outstanding for this issue. The bonds have historically been and are expected to continue to be repaid with the net revenues of the Headwaters Apartment Project.

- *Limited Tax Improvement Bonds.* The City has $25.0 million of outstanding limited tax improvement bonds, not including the 2022 Series B 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. See "THE BONDS – LOCAL IMPROVEMENT PROJECTS AND FINANCING" herein.

- *Urban Renewal 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 $40.6 million as of October 31, 2021.

- *Other Self-Supporting Line of Credit.* A $20 million 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 $16.0 million as of October 31, 2021. The City intends to repay approximately $7.4 million of principal on the line with proceeds of the 2022 Series B Bonds.

- *Other Obligations.* The City has $508,133 outstanding on a State loan for the Columbia River Levee Project. The City has begun making annual payments on the loan, which are expected to continue through December 1, 2025.

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. Revenue bonds have been historically issued for 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. Currently, only revenue bonds issued for sewer system facilities and water system facilities are outstanding. The types and amounts of outstanding revenue bonds are shown in the above Table 23 titled "Debt Statement."

Urban Renewal Bonds

A total of $170.0 million of Urban Renewal and Redevelopment Bonds are outstanding for eight 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

The City has lines of credit for three urban renewal areas secured only by the tax increment revenues of the areas benefitting from these lines. A total of $8.0 million is outstanding on these lines of credit, which expire in December 2022. 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. On July 7, 2021, the City issued a TAN in the principal amount of $38,542,500, which matures on February 1, 2022.

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 debt over the next six months. The following table identifies issues that are presently under consideration, and includes the estimated issuance amounts, planned issue dates, and the expected type of issue.

Table 24
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Water System Revenue Bond Refunding	$55 million	Spring 2022	Water Revenue Bonds
Urban Renewal and Redevelopment (Gateway Urban Renewal Area)	$50 million	Spring 2022	Tax Increment Revenue Bonds
Integrated Tax System Project, Build Portland Projects, Fueling Stations Projects	$50 million	Spring 2022	Limited Tax Revenue Bonds

Source: City of Portland

The City may also obtain lines of credit for various facilities and equipment in amounts to be determined. These plans are subject to change.

The City periodically reviews its outstanding debt for refunding opportunities and may issue refunding bonds if market conditions warrant.

Additional Information on City Debt

Tables 25-28 below set forth the City's combined general obligation bonds and limited tax revenue bonds debt ratios, information on debt of taxing districts that overlap the City, and projected debt service on outstanding General Fund obligations (excluding voter approved general obligation bonds).

Table 25
CITY OF PORTLAND, OREGON
Debt Ratios as of October 31, 2021

	Amount	Per Capita	Percent of Market Value	Percent of Assessed Value
July 1, 2021 Population	658,773	--	--	--
2021-22 Market Value (Measure 5)(1)	$166,899,004,764	$253,348	--	--
2021-22 Assessed Value(2)	76,460,745,099	116,065	45.81%	--
Gross Bonded Debt(3)	844,929,496	1,283	0.51	1.11%
Net Direct Debt(4)	568,778,411	863	0.34	0.74
Net Overlapping Debt(5)	2,921,703,819	4,435	1.75	3.82
Net Direct and Overlapping Debt	3,490,482,230	5,298	2.09	4.57

(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 2021-22 the Measure 5 Market Value represented about 83 percent of full real market value. For information regarding historical Market Value, see Table 28 titled “Historical Trends in Assessed and Market Values” herein.

(2) Includes urban renewal incremental assessed value. For information regarding historical assessed values, see Table 28 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 26 titled “Overlapping Debt” below for information on overlapping debt.

Sources: 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 26
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2021

TAXING DISTRICT	Real Market Value	Percent Overlapping	Overlapping Debt: Gross Property Tax Backed[1]	Overlapping Debt: Net Property Tax Backed[2]
Multnomah Cty SD 1J (Portland)	$142,128,385,666	98.06%	$1,421,917,607	$1,421,917,607
Multnomah County	186,758,200,567	86.22	595,464,090	595,464,090
Metro	358,995,131,497	44.99	431,219,130	414,127,003
Portland Community College	285,951,317,436	48.88	297,190,947	266,668,964
Multnomah Cty SD 3 (Parkrose)	8,580,271,744	98.51	67,320,587	67,320,587
Multnomah Cty SD 40 (David Douglas)	7,631,061,640	100.00	62,856,916	62,856,916
Multnomah Cty SD 7 (Reynolds)	11,952,074,916	23.20	42,369,091	42,104,004
Multnomah Cty SD 28J (Centennial)	5,174,451,063	52.29	33,760,066	33,760,066
Mt. Hood Community College	52,650,969,601	41.01	20,349,335	7,857,573
Clackamas Cty SD 12 (North Clackamas)	25,604,909,209	0.48	3,361,420	3,352,291
Washington Cty SD 48J (Beaverton)	55,425,965,673	0.29	2,771,776	2,771,776
Columbia Cty SD 1J (Scappoose)	3,022,445,679	6.64	1,416,147	1,416,147
Multnomah Cty SD 51J (Riverdale)	1,049,004,538	5.02	774,235	774,235
Washington County	115,617,138,581	0.24	479,253	479,253
Clackamas County	88,187,427,081	0.22	281,021	281,021
Washington Cty SD 23J (Tigard-Tualatin)	20,597,643,715	0.08	269,931	269,931
Clackamas Community College	65,044,593,127	0.19	199,645	161,698
Clackamas Cty SD 7J (Lake Oswego)	$14,607,473,646	0.02	56,314	56,314
Clackamas Cty ESD	$84,173,150,583	0.15	35,946	35,946
Tualatin Hills Park & Rec District	$47,269,704,494	0.02	14,628	14,628
Clackamas Soil & Water Conservation	$88,187,443,151	0.22	13,769	13,769
Multnomah ESD	$189,445,330,222	84.98	19,880,931	0
Northwest Regional ESD	$143,031,920,237	0.26	5,200	0
Port of Portland	$390,565,299,889	41.35	21,224,544	0
			$3,023,232,529	$2,921,703,819

(1) Gross Property-Tax Backed Debt includes all unlimited-tax General Obligation bonds and bonds paid and/or secured by the taxing district's 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 27
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations[1]

	"NON-SELF-SUPPORTING" BONDS PAID FROM GENERAL FUND RESOURCES			"SELF-SUPPORTING" BONDS PAID FROM NON-GENERAL FUND RESOURCES					
Fiscal Year Ending June 30	**Limited Tax Revenue Bonds**	**Limited Tax Revenue POB[2]**	**Total Non-Self Supporting Bonds/Gen. Fund**	**Limited Tax Improve. Bonds[3]**	**Plus: 2022 Series B Debt Service[3]**	**Limited Tax Revenue POB[4]**	**Plus: 2022 Series A Debt Service**	**Other Limited Tax Revenue Bonds[5]**	**Total Self Supporting Bonds/ Gen. Fund**
2022	$16,667,000	$14,150,222	$30,817,222	$1,715,689	$272,905	$23,965,162	$260,961	$20,536,365	$46,751,082
2023	16,139,250	14,716,231	$30,855,481	1,674,939	657,500	24,923,769	2,739,675	20,374,778	50,370,661
2024	16,126,500	15,304,658	$31,431,158	1,594,689	654,125	25,920,342	2,735,550	21,750,748	52,655,454
2025	16,138,000	15,917,215	$32,055,215	1,011,939	654,175	26,957,785	2,737,925	19,991,086	51,352,910
2026	16,141,500	16,553,904	$32,695,404	1,011,939	648,033	28,036,096	2,736,550	19,998,111	52,430,729
2027	13,656,250	17,214,723	$30,870,973	11,046,939	566,208	29,155,277	2,736,300	19,988,886	63,493,610
2028	13,655,500	17,905,243	$31,560,743	510,189	180,128	30,324,757	2,736,925	16,734,860	50,486,859
2029	12,867,500	18,619,893	$31,487,393	1,055,189	180,128	31,535,107	2,738,175	16,823,935	52,332,534
2030	11,931,000	-	$11,931,000	6,668,839	180,128	-	2,739,800	16,830,910	26,419,677
2031	11,941,500	-	$11,941,500	239,120	180,128	-	2,736,675	8,936,261	12,092,184
2032	11,933,000	-	$11,933,000	519,120	2,570,128	-	2,738,550	8,933,260	14,761,058
2033	11,931,200	-	$11,931,200	227,920	129,938	-	2,736,475	8,935,685	12,030,018
2034	11,933,300	-	$11,933,300	1,857,920	129,938	-	2,737,925	6,436,235	11,162,018
2035	11,933,500	-	$11,933,500	162,720	129,938	-	2,735,125	3,030,435	6,058,218
2036	11,935,900	-	$11,935,900	162,720	129,938	-	2,737,725	3,032,435	6,062,818
2037	11,939,650	-	$11,939,650	162,720	129,938	-	2,739,325	3,031,035	6,063,018
2038	11,933,900	-	$11,933,900	162,720	129,938	-	2,739,925	696,236	3,728,819
2039	11,937,850	-	$11,937,850	4,682,720	129,938	-	2,739,525	696,235	8,248,418
2040	10,760,300	-	$10,760,300	-	129,938	-	2,738,125	696,236	3,564,299
2041	2,504,100	-	$2,504,100	-	129,938	-	2,739,019	-	2,868,956
2042	-	-	-	-	4,854,938	-	2,735,431	-	7,590,369
Total	$254,006,700	$130,382,089	$384,388,789	$34,468,029	$12,767,958	$220,818,295	$55,015,686	$217,453,732	$540,523,702

(1) Excludes debt service on short-term financing (i.e. General Fund-secured credit facilities) and corresponding long-term takeout financings. Also excludes debt service on the City's voter-approved general obligation bonds, which are secured by, and payable from, dedicated ad valorem taxes on property within the City. Totals may not sum due to rounding.

(2) Reflects General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C.

(3) Actual debt service may differ substantially from schedule above due to periodic bond calls under the mandatory redemption provisions.

(4) Reflects non-General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C.

(5) Includes debt service on bonds for Convention Center Expansion Project (2001 and 2021), JELD-WEN Field/Civic Stadium (2012 and 2013), Portland-Milwaukie Light Rail Project (2012), the Sellwood Bridge Project (2014 and 2017), the Central City Streetcar Project (2019), and bonds issued for the Headwaters Apartments Project (2020). For a discussion of historical and prospective sources of payment for these bonds, see "—OVERVIEW OF CITY INDEBTEDNESS – Bonds Paid and/or Secured by the General Fund – Self-Supporting General Fund Obligations" herein.

Source: City of Portland

TRENDS IN PROPERTY VALUATION AND TAXATION

The following tables present historical trends in property valuation and taxation for the City. Certain of this information that predates the COVID-19 pandemic does not reflect the impacts of the pandemic and should be considered in light of the possible or probable negative effects arising out of the pandemic. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" and "PROPERTY TAX INFORMATION" herein for a discussion of potential impacts.

Table 28
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values(1)
(000s)

Assessed Value					
Fiscal Year Ending June 30	**Inside Multnomah County**	**Outside Multnomah County**	**Urban Renewal Incremental Value(2)**	**Total Assessed Value**	**Percent Change**
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	56,853,482	273,848	10,952,212	68,079,543	3.64
2020	58,893,357	288,034	11,945,467	71,126,858	4.48
2021	61,160,108	295,781	12,865,285	74,321,175	4.49
2022	63,661,372	318,476	12,480,897	76,460,745	2.88

Market Value (Measure 5)(3)				
Fiscal Year Ending June 30	**Inside Multnomah County**	**Outside Multnomah County**	**Total Market Value**	**Percent Change**
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
2020	152,307,186	466,440	152,773,626	2.06
2021	158,538,695	479,108	159,017,803	4.09
2022	166,373,182	525,823	166,899,005	4.96

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(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) Excludes assessed value for urban renewal areas that are no longer collecting tax increment revenues.

(3) 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 2021-22, the Measure 5 Market Value of City of Portland properties within Multnomah County represented about 83 percent of full real market value.

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

Table 29
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2021-22
Levy Code 201[(1)]

Taxing District	Permanent Tax Rate Per $1,000 A.V.	FPDR Tax Rate Per $1,000 A.V.	Local Option and Other Tax Rates[(2)] Per $1,000 A.V.	General Obligation Debt Tax Rate Per $1,000 A.V.	Total Tax Rate Per $1,000 A.V.
City of Portland	$4.5770	$3.0089	$1.2026	$0.3820	$9.1705
Urban Renewal Special Levy	0.0000	N/A	0.1961	0.0000	0.1961
Multnomah County	4.3434	N/A	0.0500	0.5951	4.9885
Multnomah County Library	1.2200	N/A	0.0000	0.0000	1.2200
Metro	0.0966	N/A	0.0960	0.3774	0.5700
Port of Portland	0.0701	N/A	0.0000	0.0000	0.0701
East Multnomah Soil & Conservation	0.1000	N/A	0.0000	0.0000	0.1000
Subtotal - General Government	$10.4071	$3.0089	$1.5447	$1.3545	$16.3152
Portland School District	$5.2781	N/A	$1.9900	$2.3335	$9.6016
Portland Community College	0.2828	N/A	0.0000	0.3803	0.6631
Multnomah Co. Education Svc. Dist.	0.4576	N/A	0.0000	0.0000	0.4576
Subtotal - Schools	$6.0185	N/A	$1.9900	$2.7138	$10.7223
Totals	$16.4256	$3.0089	$3.5347	$4.0683	$27.0375

(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 City children's local option levy, the City parks 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.

Source: Multnomah County Division of Assessment, Recording and Taxation

In November 2018, City voters renewed an existing five-year local option levy for the City's Children's Investment Fund at a rate of $0.4026 per $1,000 of Assessed Value. The renewal took effect for five years beginning in FY 2019-20.

In November 2020, City voters passed a new five-year local option levy for Portland Parks and Recreation. The local option levy takes effect beginning in FY 2021-22 at rate of $0.8000 per $1,000 of Assessed Value and is estimated to generate approximately $45 million per year in funding for the Portland Parks and Recreation bureau.

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. This reduction is known as Measure 5 compression. See "PROPERTY TAX INFORMATION TAX RATE COMPRESSION" herein. The following table provides a ten-year history of Measure 5 compression for the City's general levy and FPDR levy.

Table 30
CITY OF PORTLAND, OREGON
Historical Trends in Measure 5 Compression[1]

Fiscal Year	Taxes to Raise[2][3]	Loss due to Compression and Other Factors	Percent Loss	Taxes Imposed[4]
2012-13	$339,036,075	$(21,536,768)	6.4%	$317,499,307
2013-14	359,304,753	(34,707,746)	9.7	324,597,007
2014-15	370,294,495	(27,485,079)	7.4	342,809,417
2015-16	377,363,933	(21,084,537)	5.6	356,279,396
2016-17	394,629,327	(18,270,182)	4.6	376,359,145
2017-18	421,756,068	(19,735,622)	4.7	402,020,446
2018-19	438,679,135	(19,350,654)	4.4	419,328,481
2019-20	458,344,771	(21,067,024)	4.6	437,277,747
2020-21	482,786,737	(23,834,793)	4.9	458,951,944
2021-22	526,671,382	(24,770,163)	4.7	501,901,219

(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 Measure 5 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 31
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years

Fiscal Year Ending June 30	Total Levy (000)[(1)]	Collected Yr. of Levy[(2)]	Collected as of 6/30/2021[(2)]
2012	$445,044	96.8%	99.8%
2013	452,453	97.2	100.0
2014	467,516	97.3	100.0
2015	490,540	97.6	100.0
2016	516,334	97.8	100.0
2017	551,135	98.0	100.0
2018	600,155	98.4	99.9
2019	634,371	98.5	99.7
2020	654,447	98.5	99.4
2021	700,311	98.7	98.7

(1) Amount is tax levy imposed in all counties. The total levy includes all taxes levied by the City, including from its permanent rate, the FPDR levy, bond levies, and the Children's local option levy. Also includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Measure 5 compression. Also includes miscellaneous taxes, penalties, and corrections included in the fiscal year property tax receivable.

(2) Tax collection information is for Multnomah County, which represents approximately 99.6% of the City's Assessed Value. Small portions of Washington and Clackamas Counties are also included in the City's Assessed Value. Amounts to be collected are calculated as adjusted 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 2020-21 tax levy represented about 2.6% of that year's levy. See "PROPERTY TAX INFORMATION – COLLECTION" herein for more information on property tax collections.

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

Table 32
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Property in Multnomah County[(1)]
by Property Type (FY 2021-22)

Property Type	Assessed Value	Percent of Total	Market Value (Measure 5)	AV/RMV Ratio
Real Property				
Residential	$44,851,800,640	58.9%	$98,440,249,550	45.6%
Commercial/Industrial (County Assessed)	16,186,286,410	21.3	39,926,935,293	40.5
Industrial (State Assessed)	400,802,790	0.5	449,893,640	89.1
Multiple Family Housing	6,524,996,500	8.6	18,893,683,410	34.5
Other	61,435,130	0.1	105,288,770	58.3
Subtotal	68,025,321,470	89.3	157,816,050,663	
Personal Property	2,560,970,760	3.4	2,599,746,480	98.5
Machinery and Equipment	1,305,026,260	1.7	1,310,503,820	99.6
Manufactured Property	99,904,190	0.1	210,956,410	47.4
Utilities	4,151,046,630	5.5	4,435,924,094	93.6
Total	$76,142,269,310	100.00%	$166,373,181,467	

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

Source: Multnomah County Division of Assessment, Recording and Taxation

Table 33
CITY OF PORTLAND, OREGON
Top Ten Property Taxpayer Accounts[(1)]

Taxpayer Account	Type of Business	FY 2021-22 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		$76,460,745,099	100.00%
Pacificorp (PP&L)	Energy	$571,326,000	0.75%
Portland General Electric Co.	Energy	506,274,320	0.66
Alaska Airlines Inc.	Airline	388,289,500	0.51
Lumen Technologies	Communications	327,826,000	0.43
Weston Investment Co. LLC	Real estate (office)	286,745,810	0.38
Verizon Communications Inc.	Communications	230,740,000	0.30
Kaiser Foundation Health Plan of the Northwest	Health care	187,752,020	0.25
Comcast Corporation	Communications	178,592,000	0.23
111 SW 5th Avenue Investors LLC	Real estate (office)	178,168,470	0.23
AT&T Inc.	Communications	177,775,000	0.23
Total		$3,033,489,120	3.97%

(1) Excludes Assessed Value of various properties totaling approximately $697.2 million that are owned and leased by the Port of Portland to various tenants subject to property taxation.

Source: Multnomah County Division of Assessment, Recording and Taxation

(End of Annual Disclosure Information)

SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN

INTRODUCTION

General Fund resources are categorized as either discretionary or nondiscretionary. Discretionary resources are those that the City Council can allocate to programs and services in any area. These resources have few restrictions on how they can be allocated. General Fund discretionary resources are typically used to support such basic City services as police, fire, and parks. Discretionary resources include property taxes, utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette taxes, marijuana taxes and liquor sales), interest income, miscellaneous revenues, and cash transfers into the General Fund. Nondiscretionary resources include contract revenues, service reimbursements, and other revenues specifically dedicated to a particular purpose. Discretionary resources, which are the largest share of the General Fund budget, represent approximately 78% of the budgeted FY 2021-22 General Fund Resources.

RECENT BUDGET ACTIONS

Fiscal Year 2021-22 Adopted and Revised Budgets

On June 9, 2021, City Council adopted the FY 2021-22 budget (the “FY 2021-22 Adopted Budget”). The total FY 2021-22 Adopted Budget is $5.89 billion, which reflects a 1.9% decrease from the FY 2020-21 revised budget and includes a total of $602.8 million of General Fund discretionary resources, which, in FY 2021-22 includes approximately $15 million of federal ARPA funds.

On November 17, 2021, the City Council adopted the FY 2021-22 Fall Supplemental Budget which revised the FY 2021-22 Adopted Budget by making adjustments to (1) “true-up” FY 2021-22 resources including the beginning General Fund balance, which was adjusted from $29.1 million in the FY 2021-22 Adopted Budget to $102.6 million, and; (2) increase one-time General Fund discretionary-backed bureau program expenditures by $58.3 million. Additionally, General Fund unrestricted contingency was increased from $2.5 million to $7.8 million, while General Fund policy set-aside was increased by from $10.8 million to $19.8 million and “Capital Set-Aside” reserves were increased by $972,000.

The $73.5 million beginning General Fund balance “true-up” was mostly attributable to business license tax receipts exceeding FY 2020-21 budgeted revenues by $64.5 million. Per City financial policy, a 50% portion of the prior year budgetary surplus is typically allocated to major maintenance (i.e. “Capital Set-Aside”) of City infrastructure. However, during the FY 2021-22 Fall Supplemental Budget process, the City Council voted to waive the formal “Capital Set-Aside” policy to direct resources to deemed high priority areas. Accordingly, aside from increases in General Fund contingency, available resources were allocated to accommodate one-time requests, including $16.5 million to the Administration and Support (which includes the City’s Houseless Impact Reduction Program), $10.7 million for Community Development (which includes the Housing Bureau’s Citywide Housing Beds initiative), $10.4 million for Public Safety, $7.9 million for Transportation, $7.7 million for Parks & Recreation, $4.6 million for various special projects, and $520,000 for Water Utility customer debt relief.

The City’s revised FY 2019-20, revised FY 2020-21 and revised FY 2021-22 General Fund Budget Resources and Requirements are shown in the table below.

Table 34
CITY OF PORTLAND, OREGON
General Fund Budget Resources and Requirements
Revised FY 2019-20, Revised FY 2020-21 and Revised FY 2021-22 Budgets

Resources	Revised FY 2019-20(1)	Revised FY 2020-21(1)	Revised FY 2021-22(2)
Property Taxes	$266,678,419	$274,084,114	$291,099,807
Lodging Taxes	35,500,000	15,000,000	15,000,000
Business Licenses	144,200,000	114,000,000	139,670,137
Utility License Fees	87,625,160	87,952,059	83,050,195
Interagency Revenue	49,576,760	54,580,848	63,982,379
Overhead Recovery	28,644,115	32,737,488	32,435,832
Service Charges, Permits & Fees	29,027,309	13,733,956	20,482,094
Other Intergovernmental Revenues	12,018,950	29,088,239	40,893,903
State Shared Cigarette, Liquor, & Cannabis	22,466,522	25,024,268	24,755,746
Interest Income	1,727,890	1,833,189	1,946,762
Cash Transfers	3,275,260	11,487,993	49,201,517
Miscellaneous Revenues	5,576,836	1,573,514	1,646,499
Bond and Note Proceeds	3,333,500	9,053,215	2,411,472
Beginning Fund Balance	77,249,974	70,766,905	102,632,470
Total General Fund Resources	**$766,900,695**	**$740,915,788**	**$869,208,813**
Expenditures			
Bureau Expenditures	$653,426,902	$652,781,178	$747,442,994
Contingency	$29,204,250	$22,409,973	37,470,065
Debt Service	$11,378,702	$12,623,678	13,012,339
Transfers to Other Funds	$72,890,841	$53,100,959	71,283,415
General Fund Requirements	**$766,900,695**	**$740,915,788**	**$869,208,813**

(1) Revised to reflect the Spring BMP. See discussion of the BMP process under "ANNUAL DISCLOSURE INFORMATION CITY BUDGET PROCESS."
(2) As required by Oregon Local Budget Law, the Tax Supervisory and Conservation Commission ("TSCC") held a public hearing to review the Approved Budget on June 9, 2020. Upon certification from TSCC, the City Council formally adopted the FY 2021-22 budget on June 9, 2021. The FY 2021-22 Adopted Budget was subsequently revised to reflect the Fall BMP that was adopted on November 17, 2021. See discussion of the BMP process above and under "ANNUAL DISCLOSURE INFORMATION CITY BUDGET PROCESS" herein.
Source: City of Portland

Fiscal Year 2022-23 Budget Process and Mayor's Guidance

The City is currently in the budget formation process for FY 2022-23. The City's General Fund forecast is no longer showing declining revenues due to the COVID-19 pandemic. Based on the forecast completed in December 2021, a surplus in General Fund discretionary resources will allow for $3.7 million of new ongoing and $24 million of onetime allocations in FY 2022-23. See "—GENERAL FUND DISCRETIONARY REVENUE OUTLOOK" below.

On December 15, 2021 the Mayor released budget guidance for FY 2022-23. In light of the five-year financial forecast, the Mayor's budget guidance indicated no need for budget cuts in FY 2022-23. However, preliminary budget guidance for FY 2023-24 indicated a need to create cost savings in the range of 5-10%, which will require bureaus to assess and revise their programmatic cost structures while balancing the continuity of delivering core City services to its residents. Additionally, PERS contribution growth is conservatively forecasted with an additive increase of approximately five percentage points biennially (unless otherwise indicated by the State of Oregon).

Under the budget timeline, the City Budget Office will review bureaus' initial budget requests and provide recommendations to the City Council in March 2022, followed by City Council budget work sessions and the release of the Mayor's Proposed Budget in April 2022, with the formal adoption of the FY 2022-23 budget set to occur in June 2022 (See "CITY BUDGET PROCESS" herein).

GENERAL FUND DISCRETIONARY REVENUE OUTLOOK

The City Budget Office updated its General Fund forecast in December 2021 based on currently available information on economic activity, as well as an understanding of executive and legislative actions at both the federal and State level. The projections described herein do not take into account any federal funding the City has received or may receive in connection with the COVID-19 pandemic.

Table 35 shows the December 2021 General Fund forecast for discretionary resources from FY 2021-22 through FY 2023-24. See also "SUPPLEMENTAL INFORMATION: GENERAL FUND BUDGET AND FINANCIAL PLAN RECENT BUDGET ACTIONS."

The City is planning for increased delinquency rates for certain revenue streams, though the timing and magnitude are difficult to ascertain. Historically, property taxes comprise the largest and most stable source of revenue for the General Fund, although these taxes may also experience higher delinquencies, particularly for commercial accounts, and may experience a higher number of appeals of assessed values. Business license taxes, which had been growing in recent years as a percentage of General Fund revenue and made up about 27% of these revenues in FY 2020-21, did not decline as expected at the beginning of the COVID-19 pandemic. Revenue from business license taxes is expected to moderate in the near-term before returning to the long-term growth pattern Given the cyclical timing of revenue receipts, actual performance will become clearer upon the collection of a substantial portion of business license taxes in April 2022. Additionally, given the lack of travel and tourism during the COVID-19 pandemic and the recent social justice demonstrations in Portland, transient lodging taxes, historically about 6% of General Fund revenues, have decreased to approximately 25% of pre-pandemic levels. The City Budget Office currently projects that transient lodging taxes will remain lower than the previous peak level throughout the forecast period.

For FY 2022-23, the City currently projects that General Fund revenue will grow relative to the February 2021 forecast by approximately 14.6% (or $83.1 million). There is uncertainty regarding projected revenue growth given the impact of the pandemic on local economic activity and financial consequences to businesses and individuals. Positively, the retirement of some mature urban renewal areas and returning of associated assessed value to the City's tax rolls is expected to increase property taxes in FY 2022-23 through and including FY 2026-27. However, the timing of return is dependent on actual assessed value growth in each respective urban renewal area.

In November 2020, City voters passed a new five-year local option levy for Portland Parks and Recreation. The local option levy takes effect beginning in FY 2021-22 at rate of $0.8000 per $1,000 of Assessed Value and is estimated to generate approximately $45 million per year in funding for the Portland Parks and Recreation bureau. Future local option levy revenues are excluded from the most recent forecast of General Fund Discretionary Resources as shown in Table 35.

Table 35
CITY OF PORTLAND, OREGON
December 2021 Forecast of General Fund Discretionary Resources[(1)]

Resources	FY 2021-22 Annual Forecasted Revenues (millions of $)	FY 2022-23 Annual Forecasted Revenues (millions of $)	FY 2023-24 Annual Forecast Revenues (millions of $)
Beginning Fund Balance[(2)]	$11.0	$35.6	$14.0
Property Taxes[(3)]	291.1	304.5	315.2
Transient Lodging	15.0	21.5	27.2
Business Licenses	139.7	176.8	188.0
Utility License/Franchise	83.0	86.7	88.4
State Revenues	24.8	22.8	23.6
Transfers	0.3	0.4	0.4
Miscellaneous	1.3	1.2	1.3
Discretionary Resources	$566.2	$649.3	$658.1

(1) Totals may not foot due to rounding.
(2) FY 2021-22 reflects Fiscal Year 2021-22 Adopted Budget and does not incorporate true-up under Fall BMP. Beginning Fund Balance for FY 2022-23 and FY 2023-24 represents baseline for bureau budgetary planning.
(3) Excludes property tax revenues dedicated to payment of unlimited tax general obligation bonds and FPDR levy.

Source: City of Portland

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 1997-1998. 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 Values increase, collections from those levies will increase, and if Assessed Values decrease 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.

The Real Market Value of property may be affected by the current spread of the COVID-19 virus, which may increase compression and therefore adversely affect the financial condition of the City, either directly or indirectly. Historical information regarding Real Market and Assessed Value presented in this Official Statement does not reflect the impact of the COVID-19 pandemic and should be considered in light of the possible or probable negative effects arising out of the COVID-19 pandemic. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

TYPES OF PROPERTY TAXES

Permanent Tax Rate Levies

The City and other local governments levying taxes for operations in FY 1997-1998 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. See "PROPERTY TAX INFORMATION TAX RATE COMPRESSION" below.

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 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.

In 2013, the Oregon State Legislature approved and the Governor signed a bill that excludes local option taxes approved after January 1, 2013, from the consolidated billing tax rate for purposes of computing urban renewal division of taxes for certain urban renewal plans. The legislation authorizes inclusion of local option taxes if the City files a certificate with the county assessor stating that exclusion of local option taxes would impair contracts between the City and Bond holders. The legislation became effective beginning on July 1, 2014.

For a description of the City's local option levies, see "ANNUAL DISCLOSURE INFORMATION TRENDS IN PROPERTY VALUATION AND TAXATION" herein.

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. 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. See "PROPERTY TAX INFORMATION TAX RATE COMPRESSION" below.

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 five 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 by simple majority 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 November 15, 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 current spread of the COVID-19 virus may increase property tax delinquencies and therefore adversely affect property tax collections and the financial condition of the City, either directly or indirectly. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

The State of Oregon 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 statues and the local sponsor. The Portland Development Commission (now known as "Prosper Portland") 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.

THE CITY GENERALLY

The City, incorporated in 1851, is a home rule charter city. The Charter is the basic law under which the City operates and can be amended only by a vote of the people. The City operates under the provisions of the Charter and City Code.

In 1913, a modified commission form of government was created. The Charter provides for five non-partisan Council members, called Commissioners, including the Mayor. They are elected at-large to four-year terms. The positions are full-time and salaried. The City Auditor is also elected and required by Charter to be professionally certified. The Auditor is not part of the Council and has no formal voting authority. A proposal to amend the City Charter was approved by City voters on May 16, 2017, which provides the Auditor's office administrative independence from City bureaus and offices. This amendment also added the City Ombudsman as an official responsibility of the Auditor.

The Mayor is the formal representative of the City and is responsible for assigning each of the Commissioners responsibility for one of five areas: Finance Management and Administration, Public Affairs, Public Safety, Public Utilities, and Public Works. The Mayor decides which bureaus the Commissioners will manage. The Mayor can change these assignments at any time. Traditionally, the Mayor has been the Commissioner of Finance Management and Administration. The Mayor and Commissioners act as legislators and administrators. Thus, Council members are responsible for both enacting and enforcing City laws, as well as administering bureaus under their supervision. The Auditor provides oversight of the use of public resources, as well as receiving and maintaining all documents relating to the accounts and contracts of the City, including its debts, revenues, and financial affairs. The position is responsible for conducting financial and performance audits of City bureaus and their functions. In addition, the Auditor's Office serves as the Council Clerk, responsible for the processing and filing of all official Council actions. The City Council has convened a Charter Commission that is developing recommendations for potentially modifying the City's current form of government. See "THE INITIATIVE PROCESS – LOCAL INITIATIVES – Charter Commission on City Charter" herein.

INVESTMENT POLICY AND PERFORMANCE

Oregon law pertaining to the investment of public funds (ORS 294.135) requires the City to adopt an Investment Policy annually since the City makes investments that exceed 18 months in maturity. The Investment Policy outlines the framework and criteria for managing the City's investment program.

The City's investment policy is reviewed annually by the Office of Management and Finance, after consulting with the City's Investment Advisory Committee ("IAC"). Material changes to the policy require submission to the Oregon Short-Term Fund Board for review. Once completed, it is submitted annually for adoption by the Council.

The following investments are permitted under the City's investment current policy as well as by ORS 294.035 and ORS 294.810:

- United States Treasury debt obligations;
- United States Agency debt obligations;
- Interest-bearing deposits in State of Oregon financial institutions collateralized with securities as required by Oregon Revised Statutes Chapter 295;
- State of Oregon Local Government Investment Pool;
- Repurchase agreements secured by United States Treasury and United States Agency debt obligations;
- Bankers acceptances;
- Municipal debt obligations issued by Oregon state or local governments;
- Securities lending; and
- Commercial paper and debt obligations of corporations meeting specified policy guidelines and ratings.

The City does not invest in any form of derivatives or reverse repurchase agreements and does not leverage its investment portfolio in any manner. The City purchases investments through designated Primary Government Securities Dealers approved by the Federal Reserve Bank of New York, and certain broker/dealers approved by the Chief Financial Officer or designee in consultation with the City Treasurer and the IAC.

The City maintains a cash and investment pool that is available for use by all funds including its component units. Cash and investments are presented on the balance sheet in the basic financial statements at fair value. The following table presents a five-year history of average earnings rates for the City's investment portfolio.

Table 36
CITY OF PORTLAND, OREGON
Average Annual Interest Earning Rates
for City Investment Portfolio (Book Value)

Fiscal Year Ending	Average Earnings Rate
2016	0.82%
2017	1.14
2018	1.46
2019	2.19
2020	2.05
2021	0.97

Source: City of Portland

The COVID-19 pandemic has in the past caused declines in the value of the City's investments and may cause further declines going forward. The City currently forecasts that the average earnings rates for FY 2021-22 and FY 2022-23 will progressively decline to 0.425%, and 0.40% respectively, but increase in FY 2023-24 to 0.55%. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

NATURAL DISASTERS AND OTHER EVENTS

Portland may be subject to fires, wind storms, floods, the outbreak of diseases, civil unrest or other events caused by any number of factors including climate change, terrorism, or human action. Such events could result in substantial damage to both property and infrastructure, which could impact the City's ability to provide services. The City cannot predict the potential effect of such events on the City's finances or operations or the likelihood of such events.

Seismic Risk

Portland is located in an area of seismic activity. The scientific consensus is that Portland and the Pacific Northwest region are subject to periodic earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. According to the State Office of Emergency Management, scientists are predicting that there is about a 37 percent chance that a megathrust earthquake of 7.1 or more magnitude will occur in the next 50 years. Such an earthquake may cause widespread damage to structures and infrastructure in western Oregon, including the City, and total damage in coastal areas inundated by a possible accompanying tsunami. It is likely the infrastructure damage would be sufficient to disrupt transportation, communication, water and sewer systems, power and gas delivery and fuel supplies for weeks to months for much of western Oregon. This kind of regional disaster is unprecedented and could result in a significant permanent loss of population and business.

Portland is also subject to smaller-scale seismic activity caused by local faults. Such activity may result in damage to structures and infrastructure in the region.

Wildfire Risk

The Pacific Northwest, which encompasses the City, has ecological characteristics that make the region prone to wildfire risk. The City's geography includes a number of sites that contain significant amounts of contiguous trees and vegetation including Forest Park and Powell Butte. Other heavily treed areas throughout the City include or abut structures. Accordingly, wild and/or human-caused fires within the City have the potential to cause material damage to property and require significant expenditures in response to a major wildfire event. Given the increased frequency of large wildfires in the western U.S., the City and local partners, including Multnomah County, the State of Oregon and federal agencies, and utilities, are coordinating to update the county-wide Community Wildfire Protection Plan. The Community Wildfire Protection Plan is a non-regulatory mitigation action plan that identifies risks and mitigation strategies to reduce the negative impact of potential local wildfire events.

In addition, Portland Parks & Recreation and Portland Fire & Rescue have been jointly working towards vegetation management within the City's identified Wildfire Hazard Zone. In 2021, the City was awarded a $430,000 grant from the U.S. Federal Emergency Management Agency to implement wildfire risk reduction in and around Forest Park. Vegetation management efforts include vegetation removal, ladder fuel reduction and selective pruning. Both bureaus also continue to promote community awareness around wildfire risks and mitigation efforts around structure risk assessment and building materials.

City Preparations

The City has made efforts to prepare for such events. The City Bureau of Emergency Management is responsible for coordinating Citywide plans that prepare for, mitigate, respond to, and recover from any emergency. Hazard risk assessments and detailed hazard maps are used to inform the City's comprehensive plan, zoning, and guidance documents. Hazard maps and data also inform public and private projects that reduce vulnerabilities in hazard-prone areas of Portland.

The City's Mitigation Action Plan ("MAP"), most recently updated in October 2016, addresses eight main hazards of concern, including risk of earthquake, landslide, wildfire, flood, and severe weather, and several compounding factors relevant to adverse impacts from natural hazards. The MAP includes an action plan with mitigation actions to reduce losses from natural hazards. A state- and federally-approved hazard mitigation plan, such as MAP is required under federal Stafford Act regulations for the City to be eligible for certain types of federal pre- and post-disaster mitigation funding. The MAP was accepted by FEMA in December 2016. To remain in compliance, a federally approved plan must undergo a comprehensive update every five years. The 2021 Mitigation Action Plan Update is expected to be finalized in early calendar year 2022.

The City also has other plans for dealing with emergencies or disasters, including the Basic Emergency Operations Plan, which provides the basis for decision-making during an emergency and its immediate aftermath, as well as functionally specific plans to address evacuations, debris management, damage assessment, public alerts and warnings, and communication problems. The City has prepared special plans to address earthquakes and floods, including the Earthquake Response Plan adopted in 2012 and the Flood Response Plan adopted in 2018. These plans are intended to provide a consistent and flexible framework for the City, regional partners, and private entities to work in a coordinated manner for effective incident management.

In November 2019, voters approved a ballot measure to amend the City Charter to authorize the City Council to enter into and fund mutual aid agreements using rate payer funds to provide and receive emergency assistance between the City and other government entities, tribes or utilities following a significant natural disaster or other major disruption to water-related services.

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 incident detection and remediation. Under the leadership of the City's Senior 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. The City has not experienced a reportable compromise of its network security in the past three years. Low-level distributed denial of service attacks are commonplace and not a threat to the City. Larger internet service denial attacks continue less frequently, but during 2021 there were no disruptions to Citywide internet services. The City leverages multiple defense capabilities to protect against such attacks which greatly reduces the likelihood of a successful attack. With the adoption of multi-factor authentication in January 2019 the City has substantially reduced the potential compromise of City confidential information. The City also engages in proactive testing of its network security.

The City's cybersecurity and operational safeguards are periodically internally and externally 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 obtained a cyber-liability insurance policy. The policy provides coverage for privacy liability, data breaches, network security liability and internet media liability to the extent the City is liable. Certain business expenses related to cybersecurity incidents are covered, such as business interruption expenses and costs to recover, restore or replace lost data. The policy provides limited coverage for "social engineering losses", such as losses resulting from bad actors manipulating employees into performing actions such as wiring finances to banks. Additional limited social engineering coverage is provided separately under the City's Crime Policy.

LABOR RELATIONS

The City employs approximately 6,781 full-time equivalent personnel. Of these, approximately 4,876 are represented by collective bargaining units.

Table 37
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)	1,205	December 31, 2020(3)(4)
Portland Police Association	767	June 30, 2021(3)
Professional and Technical Employees Local 17	864	December 31, 2021(3)
Portland Fire Fighters Association	653	June 30, 2023
Laborers' International Union of North America Local 483 - Portland City Laborers	595	June 30, 2022
Laborers' International Union of North America Local 483 - Parks and Recreation	606	June 30, 2022
Bureau of Emergency Communications - AFSCME Local 189-2	111	June 30, 2023(5)
Laborers' International Union of North America Local 483 - Seasonal Maintenance Workers	55	June 30, 2022
Portland Police Commanding Officers Association (PPCOA)	20	June 30, 2023

(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) This contract is currently under negotiation.
(4) The union declared an impasse and the City provided its final offer to the Employee Relations Board on December 20, 2021. Following submission of the City's final offer, the parties have 30 day cooling off period and may continue negotiation, after which the City may implement a final offer, continue to negotiate to reach an agreement, or the union may choose to strike after providing a 10-day notice of its intent to strike.
(5) Does not include 34 employees from the Auditors Office, who are now represented by AFSCME Local 189-2. The City is currently bargaining a new first time contract with those employees.

Source: City of Portland

CITY ECONOMIC CHARACTERISTICS

This section presents certain historical information concerning the City. The current spread of the COVID-19 virus is altering the behavior of businesses and people in a manner that has negative effects on local, state, national and global economic activity, and therefore adversely affects the financial condition of the City, both directly and indirectly. To the extent certain of the historical economic and demographic information presented predates the COVID-19 pandemic, it does not reflect the impacts of the pandemic and should be considered in light of the possible or probable negative effects arising out of the COVID-19 pandemic. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

The City of Portland, with an estimated population of 658,773 as of July 1, 2021, comprises an area of approximately 145 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, Portland is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.54 million people as of July 1, 2021. Portland is the county seat of Multnomah County, 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 of Portland has increased steadily over the past decade, as shown in the table below.

Table 38
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
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
2019	4,236,400	657,100	2,519,930	821,730	613,410	423,420
2020	4,243,791	664,675	2,514,926	816,310	600,895	422,185
2021(1)	4,266,560	658,773	2,537,149	820,672	605,036	425,316
2012-2021 Compounded Annual Rate of Change	1.1%	1.3%	1.3%	1.0%	1.2%	1.2%
2017-2021 Compounded Annual Rate of Change	0.9%	1.0%	1.1%	0.8%	0.7%	1.0%

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

(1) Population estimate as of July 1, 2021 is preliminary and based on report dated November 15, 2021.
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 39 below shows personal income and per capita income for the MSA compared to similar data for the State and nation.

Table 39
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
MSA, Oregon, and the United States

		Per Capita Income		
Year	**Total Personal Income MSA (millions)**	**MSA**	**Oregon**	**USA**
2011	$95,118	$42,038	$37,821	$42,735
2012	101,587	44,389	39,601	44,599
2013	103,104	44,609	40,015	44,851
2014	110,947	47,321	42,483	47,058
2015	119,556	50,184	45,182	48,978
2016	125,457	51,683	46,498	49,870
2017	132,684	54,014	48,372	51,885
2018	141,270	56,991	50,843	54,446
2019	149,347	59,921	53,191	56,490
2020	157,150	62,603	56,312	59,510
2011-2020 Compounded Annual Rate of Change	5.8%	4.5%	4.5%	3.8%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, as of November 19, 2021

LABOR FORCE AND UNEMPLOYMENT

Table 40 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 2012 through 2020. Table 41 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2012 through 2020. As a result of the COVID-19 pandemic, the unemployment rate increased significantly in the MSA, the State and the United States. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

Table 40
CITY OF PORTLAND, OREGON
MSA Labor Force and Unemployment Rates(1)

Year	Resident Civilian Labor Force	Unemployment Number	Unemployment Percent of Labor Force	Total Employment
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	1,228,889	64,468	5.2	1,164,421
2016	1,271,959	58,521	4.6	1,213,438
2017	1,302,425	51,010	3.9	1,251,415
2018	1,310,588	50,188	3.8	1,260,400
2019	1,326,395	47,037	3.5	1,279,358
2020	1,323,573	102,696	7.8	1,220,877

(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 March 24, 2021

Table 41
CITY OF PORTLAND, OREGON
Average Annual Unemployment
MSA, Oregon, and the United States
(Not Seasonally Adjusted)

Year	MSA	State of Oregon	USA
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	3.8	4.1	3.9
2019	3.5	3.7	3.7
2020	7.8	7.6	8.1

Source: State of Oregon, Employment Department as of March 24, 2021

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 42
CITY OF PORTLAND, OREGON
Portland-Vancouver-Hillsboro, OR-WA MSA
Non-Farm Wage and Salary Employment(1)

Industry	2016	2017	2018	2019	2020
Total nonfarm employment	**1,151,200**	**1,181,000**	**1,204,600**	**1,228,100**	**1,143,600**
Total private	**997,800**	**1,024,500**	**1,054,100**	**1,075,500**	**997,900**
Mining and logging	1,300	1,300	1,400	1,300	1,200
Construction	61,800	67,400	72,700	76,000	73,800
Manufacturing	123,000	123,600	127,500	129,300	121,100
Durable goods	91,000	90,800	94,000	95,300	89,500
Wood product manufacturing	3,900	4,000	4,100	4,000	3,800
Primary metal manufacturing	5,900	5,700	5,700	6,200	5,200
Fabricated metal product manufacturing	12,700	12,500	13,200	13,400	12,300
Machinery manufacturing	8,900	9,500	10,300	10,100	9,600
Computer/electronic product manufacturing	36,700	35,700	36,900	37,500	37,100
Transportation equipment manufacturing	7,300	6,800	6,900	7,400	6,200
Nondurable goods	32,000	32,800	33,600	34,000	31,700
Food manufacturing	13,100	13,500	13,700	13,600	12,900
Paper manufacturing	2,900	3,000	2,600	2,500	2,500
Trade, transportation, and utilities	210,500	215,600	218,100	221,800	215,700
Wholesale Trade	54,600	56,000	56,700	57,300	54,900
Retail trade	117,300	119,100	119,500	118,100	111,400
Utilities	2,300	2,400	2,500	2,500	2,500
Transportation and warehousing	36,300	38,100	39,400	43,800	46,900
Information	26,100	25,900	25,500	26,400	25,100
Financial activities	68,400	70,900	72,400	73,500	72,900
Professional and business services	177,400	181,700	184,700	190,000	182,000
Educational and health services	169,100	174,400	184,600	188,100	177,600
Leisure and hospitality	118,600	122,300	125,000	126,500	90,500
Other services	41,600	41,400	42,200	42,800	38,000
Government	**153,400**	**156,500**	**150,500**	**152,600**	**145,700**

(1) Not seasonally adjusted.
Source: State of Oregon, Employment Department QualityInfo.org as of November 19, 2021

Table 43
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	21,000
Providence Health System	Health care & health insurance	21,000
Nike Inc.	Sports shoes and apparel	13,964
Legacy Health System	Health care	13,120
Kaiser Permanente	Health care	11,163
Fred Meyer Stores	Retail/grocery	9,525
Walmart Inc.	Retail/grocery	4,500
PeaceHealth	Health care	4,482
Wells Fargo	Bank	3,500
U.S. Bank	Bank & holding company	3,104
Portland General Electric	Energy	2,870
Precision Castparts Corp.	Metals manufacturing	2,500
Public Employers		
Oregon Health and Science University	Health care & education	18,854
Portland Public Schools	Education	6,847
City of Portland	Local government	6,635
Multnomah County	Local government	5,096
U.S. Department of Veterans Affairs	Federal Agency	4,783
Beaverton School District	Education	4,606
Vancouver School District	Education	4,347
U.S. Postal Service	Federal Agency	3,717
Portland Community College	Education	3,397
Portland State University	Education	3,136
TriMet	Mass transit	3,117
Oregon Department of Human Services	State Agency	2,448
Bonneville Power Administration	Federal Agency	2,313

Source: Portland Business Journal, October 13, 2021

REAL ESTATE

Industrial and Office

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 Portland, 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.

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

The City expects that the COVID-19 pandemic will have a material adverse impact on industrial and commercial real estate in the MSA. However, the magnitude and extent of the impact is not currently known. On April 1, 2020, the Governor issued an executive order placing a temporary moratorium on certain evictions and terminations of rental agreements and leases in response to the COVID-19 pandemic. The order expired in June 2021; however, the State legislature passed a bill in June 2021 that requires landlords and courts to delay termination of residential tenancies for nonpayment for 60 days if a tenant provides documentation of application for rental assistance. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

Housing

The table below compares the median home sale price for the third quarter of 2020 and 2021 in the MSA and with the nation.

Table 44
CITY OF PORTLAND, OREGON
Median Single-Family Home Sale Price
(U.S. and MSA)

Region	3rd Quarter 2020	3rd Quarter 2021	Percent Change
U.S.	$300,200	$363,700	16.0%
Portland Metro. Area	451,000	549,200	18.8

Source: "Median Sales Price of Existing Single-Family Homes for Metropolitan Areas," National Association of Realtors, November 19, 2021

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

Table 45
CITY OF PORTLAND, OREGON
Median Condo/Coop Sale Price
(U.S. and MSA)

Region	3rd Quarter 2020	3rd Quarter 2021	Percent Change
U.S.	$266,300	$303,000	11.6%
Portland Metro. Area	275,000	330,100	19.6

Source: "Median Sales Price of Existing Apartment Condo-Coops Homes for Metropolitan Areas," National Association of Realtors, November 19, 2021

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 46
CITY OF PORTLAND, OREGON
New Single-family and Multi-family
Residential Construction Permits
(MSA)

	New Single Family		New Multi-Family	
Year	**No. of Permits**	**Value (000s)**	**No. of Permits**	**Value (000s)**
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	6,869	1,958,974	7,311	947,970
2019	7,688	2,240,127	9,127	1,132,785
2020	7,513	2,174,257	5,933	746,044

Source: U.S. Census Bureau as of October 13, 2021

TRANSPORTATION AND DISTRIBUTION

Location and topography have established the MSA as a leading warehousing and distribution center for the Pacific Northwest. Portland'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 Portland 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 2020, 394 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2020 increased to 10.3 million metric tons compared to 9.7 million in 2019. Airline passenger traffic has declined significantly in response to the COVID-19 pandemic. Portland International Airport ("PDX") handled approximately 7.1 million airline passengers in 2020, a decline from 19.9 million passengers in 2019. Year-to-date (through August 2021), passenger traffic increased 41.5% in 2021, as compared to 2020. In 2020, PDX also handled approximately 301,118 metric tons of freight and 11,595 metric 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 Portland. The primary east-west highway system is Interstate 84, which begins at Portland and heads east along the Columbia River to Idaho and beyond.

The 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. TriMet passenger traffic has declined significantly in response to the COVID-19 pandemic. During TriMet's fiscal year, from July 2020 through June 2021, passengers boarded a TriMet fixed-route bus or train approximately 40.1 million times, which represents a 48,9% decrease as compared to the prior fiscal year, and a 58.5% decrease as compared to the fiscal year ended June 30, 2019. 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, which 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, 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 Portland, 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.

The current spread of the COVID-19 virus is altering the behavior of businesses and people in a manner that has negative effects on local, state, national and global economic activity, including tourism and recreational activities. Some of the activities described above have closed or significantly altered their operations as a result of the pandemic. See "RECENT ECONOMIC AND HEALTH DEVELOPMENTS" herein.

HIGHER EDUCATION

Within the MSA are several post-secondary educational systems. Portland State University ("PSU") is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 200 undergraduate, masters, and doctoral programs. Enrollment for the fall 2021 term was approximately 23,979 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, have field offices and extension activities in the MSA.

The Marquam Hill campus for Oregon Health and Science University ("OHSU") 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.

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, 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 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 1,000,000 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 sewer and storm water collection, transportation, and treatment systems within its boundaries. The City provides sanitary sewer service to approximately 657,000 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 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 47
CITY OF PORTLAND, OREGON
Statewide Initiative Petitions that Qualified and Passed
2010-2020

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2010	4	2
2012	7	2
2014	4	2
2016	4	3
2018	4	0
2020	2	2

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 2022.

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.

Charter Commission on City Charter

Every 10 years, the City Council convenes a Charter Commission to review and recommend amendments to the City Charter. The Charter Commission is an independent body that sets its own scope of work and was most recently appointed by the City Council in December 2020. The Charter Commission includes a number of subcommittees focused on particular issues, most notably the Form of Government subcommittee. The Form of Government subcommittee is charged with developing recommendations for potentially modifying the City's current form of government, which currently establishes five city-wide commissioners (including the Mayor) responsible for managing a portfolio of City bureaus as assigned by the Mayor. The subcommittee is considering various topics including increasing the size of City Council, removing the role of commissioner-in-charge of bureaus from City Commissioners and shifting the management authority elsewhere, and redefining the roles and responsibilities of the Mayor and City Council. It is expected that recommended charter amendments on these specific topics will be provided by the Charter Commission to City Council in early calendar year 2022 with a goal of taking any agreed upon amendments to City voters at the November 8, 2022 election.

TAX MATTERS: 2022 SERIES A BONDS – FEDERALLY TAX-EXEMPT

OPINION OF BOND COUNSEL

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2022 Series A Bonds 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 2022 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the 2022 Series A Bonds, and Bond 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 2022 Series A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the 2022 Series A Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the 2022 Series A Bonds, or the ownership or disposition thereof, except as stated above. Bond 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. Bond 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, Bond 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 2022 Series A Bonds.

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 2022 Series A Bonds in order that interest on the 2022 Series A Bonds 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 2022 Series A Bonds, 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 2022 Series A Bonds 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 2022 Series A Bonds 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 2022 Series A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2022 Series A Bond. 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 2022 Series A Bonds.

Prospective owners of the 2022 Series A Bonds 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 2022 Series A Bonds 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 2022 Series A Bond (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 bond 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 2022 Series A Bonds. In general, the issue price for each maturity of 2022 Series A Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2022 Series A Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on 2022 Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond 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 Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. 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 Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds 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 Bonds.

BOND PREMIUM

In general, if an owner acquires a 2022 Series A Bond 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 2022 Series A Bond 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 2022 Series A Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond 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 Bond 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 Bond, 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 Bond may realize a taxable gain upon disposition of the Premium Bond 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 Bonds 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 Bonds.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2022 Series A Bonds. 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 2022 Series A Bond 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 2022 Series A Bonds 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 2022 Series A Bonds under federal or state law or otherwise prevent beneficial owners of the 2022 Series A Bonds 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 2022 Series A Bonds.

Prospective purchasers of the 2022 Series A Bonds should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS: 2022 SERIES B BONDS – FEDERALLY TAXABLE

OPINION OF BOND COUNSEL

In the opinion of Bond Counsel to the City, interest on the 2022 Series B Bonds (the "Taxable Bonds") (i) is included in gross income for federal income tax purposes pursuant to the Code, and (ii) under existing statutes, is exempt from State of Oregon personal income tax.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Taxable Bonds by original purchasers of the Taxable Bonds who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Taxable Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable

Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

ORIGINAL ISSUE DISCOUNT

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Taxable Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Taxable Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such Taxable Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Taxable Bond using the constant-yield method, subject to certain modifications.

ACQUISITION DISCOUNT ON SHORT-TERM TAXABLE BONDS

Each U.S. Holder of a Taxable Bond with a maturity not longer than one year (a "Short-Term Taxable Bond") is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the U.S. Holder's tax basis therefor.

A U.S. Holder of a Short-Term Taxable Note not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder's regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

BOND PREMIUM

In general, if a Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Taxable Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond 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 highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

DISPOSITION AND DEFEASANCE

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the 2022 Series B Bond Declaration (a "defeasance"). (See Appendix B, "FORM OF 2022 SERIES B BOND DECLARATION" herein). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected.

INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. HOLDERS

The term "U.S. Holder" means a beneficial owner of a Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

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 Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

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

RATING

The Bonds have been rated "Aaa" by Moody's Investors Service. Such rating reflects only the view of that organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 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 rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement and its appendices, the words “estimate,” “forecast,” “intend,” “expect,” “projected,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Such risks and uncertainties include, among others, public health emergencies, such as the COVID-19 pandemic, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the City. See “RECENT ECONOMIC AND HEALTH DEVELOPMENTS” herein. 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.

FINANCIAL ADVISOR

The City has retained PFM Financial Advisors LLC (“PFM”) to serve as its financial advisor in conjunction with the issuance of the Bonds. PFM is expected to assist and advise the City on matters relating to the sale and structuring of the Bonds, disclosure, ratings, pre-marketing of the Bonds, post-sale analysis and other tasks at the discretion of the City. PFM has not audited, authenticated or otherwise verified the information set forth in this Official Statement with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty, or other representation is made by PFM respecting the accuracy and completeness of this Official Statement.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving opinions of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel, substantially in the forms attached hereto as Appendix D. Hawkins Delafield & Wood LLP, Portland, Oregon, is also serving as Disclosure Counsel to the City in relation to this Official Statement.

LITIGATION

NO LITIGATION CHALLENGING THE BONDS

No litigation is pending against the City or, to the knowledge of the officers of the City charged with issuing the Bonds, 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 Bonds, (2) questioning or affecting the validity of the Bonds or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, or delivery of the Bonds.

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. Except as noted in the following paragraphs, there is no litigation pending or threatened against the City which would materially and adversely affect the City’s financial condition.

Portland Harbor Superfund Site. In 2000, Portland Harbor, a 10-mile industrial stretch of the Willamette River outside of the City’s urban center, was listed by the EPA as a Superfund site.

The U.S. EPA has notified the City that it may have liability for releases of contaminants in the Willamette River. The City is participating in an out-of-court settlement process allocate cleanup costs among the more than 100 responsible parties. Total cleanup costs may exceed $2 billion. To preserve claims against potentially responsible parties who are not part of the settlement, the City and several others parties filed suit in U.S. District Court for the District of Oregon (Arkema Inc., vs. Anderson Roofing Co. Inc.) Defendants have counterclaimed against all plaintiffs. That litigation has been stayed since 2010 pending the outcome of the settlement.

In 2017, the Yakama Nation filed suit in U.S. District Court for the District of Oregon against the City and more than 20 other entities seeking compensation for natural resource damages. Most of the damages sought are not quantified. That litigation, the Confederated Tribes and Bands of Yakama Nation vs. Air Liquide America Corp., has also been stayed consistent with the Arkema litigation. The City will defend against a significant allocation of liability to the City for cleanup and natural resource damages.

CREEC Ramp Settlement Obligation. 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. PBOT estimates that complying with the terms of this twelve-year agreement will cost $254 million. The liability will be covered via a combination of current and future PBOT CIP projects, PBOT discretionary resources, frontage improvements by private developers, and general fund allocations.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the City will deliver a certificate to the Underwriters to the effect that the City has examined this Official Statement and the financial and other data concerning the City contained herein and that, to the best of the City's knowledge and belief, this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, the City makes no representation regarding information in this Official Statement related to the purchasers of the Bonds, the Financial Advisor, DTC or the book-entry system.

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 owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies, since the date hereof.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City, as the "obligated person" within the meaning of the Rule, will execute and deliver a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix E for the benefit of the Bond 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. The City failed to timely file its audited financial statements for Fiscal Year 2018-19 in connection with a CUSIP related to its General Obligation Refunding Bonds, 2019 Series A (Public Safety Projects – Tax-Exempt). The City also failed to timely file required operating data for Fiscal Year 2018-19 in connection with a CUSIP related to its Limited Tax Pension Obligation Revenue Bonds, 1999 Series C (Federally Taxable). The City subsequently filed such information on January 10, 2022.

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
FORM OF 2022 SERIES A BOND DECLARATION

CITY OF PORTLAND, OREGON
1851

BOND DECLARATION

City of Portland, Oregon

$41,730,000
Limited Tax Revenue Bonds, 2022 Series A
(Transportation Projects) (Tax-Exempt)

Executed on behalf of the City of Portland, Oregon
as of January 25, 2022

TABLE OF CONTENTS

This table of contents is not a part of the bond declaration but is provided for reference only.

BOND DECLARATION

THIS BOND DECLARATION is executed as of January 25, 2022, on behalf of the City of Portland, Oregon (the "City") by its Debt Manager to establish the terms under which the City's Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (Tax-Exempt) (the "2022 Series A Bonds"), are issued.

Section 1. Findings.

(A) Oregon Revised Statutes ("ORS") Section 287A.150 and the related provisions of ORS Chapter 287A permit the City to authorize limited tax revenue bonds by non-emergency ordinance. The City Council enacted the Ordinance, as defined below, authorizing the City to finance a variety of transportation projects throughout the City, and to pay costs related to issuing those bonds.

(B) The Ordinance provides that the bonds authorized thereunder will be secured by the full faith and credit of the City, and authorizes the execution of a bond declaration to memorialize the terms of those bonds.

(C) The City executes this Bond Declaration to memorialize the terms of the 2022 Series A Bonds.

Section 2. Definitions.

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

"2022 Series A Bonds" means the City's Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (Tax-Exempt) that are described in Section 3 of this Bond Declaration.

"Available General Funds" means revenues which are legally available to pay the 2022 Series A Bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all general taxes and other legally available general funds of the City.

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

"Bond Declaration" means this Bond Declaration, including any amendments made in accordance with Section 6 of this Bond Declaration.

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

"City" means the City of Portland, Oregon.

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

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

"DTC" means The Depository Trust Company, New York, New York, the initial securities depository for the 2022 Series A Bonds.

"Event of Default" refers to an Event of Default listed in Section 7(A) of this Bond Declaration.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon law.

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

"Ordinance" means City Ordinance No. 190596 enacted on November 10, 2021.

"Outstanding" refers to all 2022 Series A Bonds authorized and delivered pursuant to this Bond Declaration except 2022 Series A Bonds which have been paid, canceled, or defeased pursuant to Section 8 of this Bond Declaration, and 2022 Series A Bonds which have matured but have not been presented for payment but for the payment of which adequate money has been transferred to the Paying Agent.

"Owner" or "Owners" means the person shown on the 2022 Series A Bond register maintained by the Paying Agent as the registered owner of a 2022 Series A Bond.

"Paying Agent" means the registrar and paying agent for the 2022 Series A Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank National Association, in Portland, Oregon.

"Payment Date" means any day on which principal, interest or premium on 2022 Series A Bonds is required to be paid.

"Record Date" means the close of business on the fifteenth day of the calendar month immediately preceding the applicable payment date.

Section 3. 2022 Series A Bonds Authorized.

(A) Pursuant to the relevant provisions of ORS Chapter 287A and the Ordinance, the City hereby authorizes the issuance, sale and delivery of its Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (Tax-Exempt) in accordance with this Bond Declaration and in a principal amount of $41,730,000. The 2022 Series A Bonds shall be dated their date of delivery, shall bear interest which is payable on April 1 and October 1 of each year, commencing April 1, 2022, and shall mature on October 1 of the following years in the following principal amounts:

Due (October 1)	Principal Amount ($)	Interest Rate (%)	CUSIP Number (Base 736740)
2022	1,350,000	5.000	VU2
2023	1,415,000	5.000	VV0
2024	1,490,000	5.000	VW8
2025	1,565,000	5.000	VX6
2026	1,645,000	5.000	VY4
2027	1,730,000	5.000	VZ1
2028	1,820,000	5.000	WA5
2029	1,915,000	5.000	WB3
2030	2,010,000	5.000	WC1
2031	2,115,000	5.000	WD9
2032	2,210,000	4.000	WE7
2033	2,290,000	3.000	WF4
2034	2,345,000	2.000	WG2
2035	2,395,000	2.000	WH0
2036	2,445,000	2.000	WJ6
2037	2,495,000	2.000	WK3
2038	2,545,000	2.000	WL1
2039	2,595,000	2.000	WM9
2040	2,650,000	2.125	WN7
2041	2,705,000	2.250	WP2

(B) The 2022 Series A Bonds maturing on or after October 1, 2032, are subject to redemption prior to maturity in whole or in part at the option of the City on October 1, 2031, and on any date thereafter, by lot, at a price of par, plus interest accrued to the date fixed for redemption.

(C) Proceeds of the 2022 Series A Bonds will be used to: (a) finance a variety of transportation projects throughout the City; and (b) pay costs of issuance of the 2022 Series A Bonds.

(D) The City reserves the right to purchase 2022 Series A Bonds in the open market.

Section 4. Security for 2022 Series A Bonds.

(A) Pursuant to ORS Section 287A.315, the City hereby pledges its full faith and credit and taxing power within the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, to pay the 2022 Series A Bonds, and the City is obligated to pay the 2022 Series A Bonds from its Available General Funds. The City is not authorized to levy additional taxes to pay the 2022 Series A Bonds. The 2022 Series A Bonds are not secured by a lien on, or a pledge of, any specific revenues of the City.

(B) This Bond Declaration shall constitute a contract with the Owners.

Section 5. Administrative Provisions for the 2022 Series A Bonds.

(A) Payment of 2022 Series A Bonds. Principal of and interest on the 2022 Series A Bonds shall be payable through the principal office of the Paying Agent.

(B) Book-Entry Only System. The 2022 Series A Bonds shall be initially issued as a BEO security issue, with no 2022 Series A Bonds being made available to the beneficial owners, in accordance with the Blanket Issuer Letter of Representations to DTC. Ownership of the 2022 Series A Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on DTC's BEO system. The 2022 Series A Bonds shall be initially issued in the form of separate single fully registered typewritten bonds for each series and maturity of the 2022 Series A Bonds (the "Global Bonds") in substantially the form attached hereto as Appendix A. Each Global Bond shall be registered in the name of Cede & Co. as nominee (the "Nominee") of DTC (DTC and any other qualified securities depository designated by the City as a successor to DTC, collectively the "Depository") as the "Owner," and such Global Bonds shall remain in the Paying Agent's custody, subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and the Depository, until early redemption or maturity of the 2022 Series A Bond. The Paying Agent shall remit payment for the maturing principal or redemption price and interest on the 2022 Series A Bonds to the Owner for distribution by the Nominee for the benefit of the beneficial owners (the "Beneficial Owners") by recorded entry on the books of the Depository participants and correspondents. While the 2022 Series A Bonds are in BEO form, the 2022 Series A Bonds will be available in denominations of $5,000 and any integral multiple thereof.

(1) In the event the Depository determines not to continue to act as securities depository for the 2022 Series A Bonds, or the City determines that the Depository shall no longer so act, then the City will discontinue the BEO system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a BEO system, the 2022 Series A Bonds shall no longer be a BEO issue and the 2022 Series A Bonds shall be printed and delivered and shall be registered as directed by DTC and thereafter shall be registered, transferred and exchanged as provided in Section 5(C) of this Bond Declaration.

(2) With respect to 2022 Series A Bonds registered in the registration books maintained by the Paying Agent in the name of the Nominee of the Depository, the City, and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner on behalf of which such participants or correspondents act as agent for the Beneficial Owner with respect to:

(a) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the 2022 Series A Bonds;

(b) the delivery to any participant or correspondent or any other person, other than an Owner, of any notice with respect to the 2022 Series A Bonds, including any notice of redemption;

(c) the selection by the Depository of the beneficial ownership interest in 2022 Series A Bonds to be redeemed prior to maturity; or

(d) the payment to any participant, correspondent, or any other person other than the Owner of the 2022 Series A Bonds, of any amount with respect to principal of or interest on the 2022 Series A Bonds.

(3) Notwithstanding the BEO system, the City may treat and consider the Owner in whose name each 2022 Series A Bond is registered in the registration books maintained by the Paying Agent as the Owner and absolute owner of such 2022 Series A Bond for the purpose of payment of principal and interest with respect to such 2022 Series A Bond, or for the purpose of giving notices of redemption and other matters with respect to such 2022 Series A Bond, or for the purpose of registering transfers with respect to such 2022 Series A Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal of and interest on the 2022 Series A Bonds only to or upon the order of the Owner or such Owner's respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

(4) Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Bond Declaration shall refer to such new nominee of the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. The Depository shall tender the 2022 Series A Bonds it holds to the Paying Agent for re-registration.

(C) Notice of Redemption.

(1) Unless DTC consents to a shorter period, for any 2022 Series A Bonds which are in BEO form the Paying Agent shall notify DTC not less than 20 days prior to the date fixed for redemption of the maturity to be redeemed in the manner required in the City's Blanket Issuer Letter of Representations to DTC. No other notice shall be required.

(2) For any 2022 Series A Bonds which are not in BEO form, unless waived by the Owner of such a 2022 Series A Bond, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2022 Series A Bond or 2022 Series A Bonds to be redeemed at the address shown on the 2022 Series A Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent.

(3) In addition to the requirements of Section 5(C)(5) of this Bond Declaration, all official notices of redemption shall be dated and shall state:

(a) the date fixed for redemption;

(b) the redemption price;

(c) if less than all outstanding 2022 Series A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2022 Series A Bonds to be redeemed,

(d) except as described in Section 5(C)(5) of this Bond Declaration, that on the date fixed for redemption the redemption price will become due and payable upon each such 2022 Series A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(e) the place where such 2022 Series A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be an office of the Paying Agent.

(4) Except as described in Section 5(C)(5) of this Bond Declaration, official notice of redemption having been given as aforesaid, the 2022 Series A Bonds or portions of 2022 Series A Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such 2022 Series A Bonds or portions of 2022 Series A Bonds shall cease to bear interest. Upon surrender of such 2022 Series A Bonds for redemption in accordance with said notice, such 2022 Series A Bonds shall be paid by the Paying Agent at the redemption price. Upon surrender for any partial redemption of any 2022 Series A Bond, there shall be prepared for the Owner a new 2022 Series A Bond or 2022 Series A Bonds of the same maturity in the amount of the unpaid principal. All 2022 Series A Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued.

(5) Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners pursuant to this Section 5 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2022 Series A Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of 2022 Series A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

(6) Upon the payment of the redemption price of the 2022 Series A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the 2022 Series A Bonds being redeemed with the proceeds of such check or other transfer.

(D) Authentication, Registration and Transfer. (No Book-Entry). The provisions of this Section 5(D) apply only when the 2022 Series A Bonds are not in BEO form.

(1) No 2022 Series A Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2022 Series A Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.

(2) The ownership of all 2022 Series A Bonds shall be entered in the 2022 Series A Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as Owner in the 2022 Series A Bond register as the Owner of the 2022 Series A Bond for all purposes.

(3) The Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the 2022 Series A Bond Owner, as that name and address appear on the 2022 Series A Bond register as of the Record Date. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

(4) 2022 Series A Bonds may be exchanged for an equal principal amount of 2022 Series A Bonds of the same series and maturity which are in different authorized denominations, and 2022 Series A Bonds may be transferred to other owners if the 2022 Series A Bond Owner submits the following to the Paying Agent:

(a) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the 2022 Series A Bond Owner or such Owner's legal representative or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

(b) the 2022 Series A Bonds to be exchanged or transferred.

(5) The Paying Agent shall not be required to exchange or transfer any 2022 Series A Bonds submitted to it during any period beginning with a Record Date and ending on the next following interest payment date; however, such 2022 Series A Bonds shall be exchanged or transferred promptly following the interest payment date.

(6) The Paying Agent shall not be required to exchange or transfer any 2022 Series A Bonds which have been designated for redemption if such 2022 Series A Bonds are submitted to it during the fifteen-day period preceding the designated date fixed for redemption.

(7) For purposes of this Section 5(D)(7), 2022 Series A Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 5(D)(4) of this Bond Declaration.

(8) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 2022 Series A Bond Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 6. Amendment of Bond Declaration.

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

(1) To cure any ambiguity or formal defect or omission in this Bond Declaration;

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

(3) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any Supplemental Bond Declaration;

(4) To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners.

(B) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected 2022 Series A Bonds then Outstanding. However, no amendment shall be valid which:

(1) Extends the maturity of any 2022 Series A Bonds, reduces the rate of interest upon any 2022 Series A Bonds, extends the time of payment of interest on any 2022 Series A Bonds, reduces the amount of principal payable on any 2022 Series A Bonds, or reduces any premium payable on any 2022 Series A Bonds, without the consent of the affected Owner; or

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

Section 7. Default and Remedies.

(A) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:

(1) Failure by the City to pay 2022 Series A Bond principal, interest or premium when due (whether at maturity, or upon redemption after a 2022 Series A Bond has been properly called for redemption);

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of 2022 Series A Bonds, for a period of 60 days after written notice to the City by the Owners of ten percent or more of the principal amount of 2022 Series A Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within

the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 7(A)(2); or,

(3) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(B) The Owners of ten percent or more of the principal amount of 2022 Series A Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 7(A)(1) of this Bond Declaration.

(C) Upon the occurrence and continuance of any Event of Default hereunder the Owners of ten percent or more of the principal amount of 2022 Series A Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of 2022 Series A Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of 2022 Series A Bonds by this Bond Declaration or by law. However, the 2022 Series A Bonds shall not be subject to acceleration.

(D) No remedy in this Bond Declaration conferred upon or reserved to Owners of 2022 Series A Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of 2022 Series A Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 8. Defeasance.

The City shall be obligated to pay 2022 Series A Bonds which are defeased pursuant to this Section 8 solely from the money and Government Obligations deposited in escrow in accordance with this Section 8 with an escrow agent or independent trustee as provided in this section, and the City shall have no further obligation to pay the defeased 2022 Series A Bonds from any source except the amounts deposited in the escrow. 2022 Series A Bonds shall be deemed defeased if the City:

(A) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the 2022 Series A Bonds which are to be defeased without reinvestment; and

(B) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct; and

(C) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the 2022 Series A Bonds to be includable in gross income under the Code.

Section 9. Tax Covenants.

The City covenants for the benefit of the Owners of the 2022 Series A Bonds to comply with all provisions of the Code that are required for 2022 Series A Bond interest to be excluded from gross income for federal income tax purposes. The City also covenants for the benefit of the Owners of the 2022 Series A Bonds that it will comply with all of the covenants and agreements that the City makes in the "Tax Certificate" prepared in connection with the closing of the 2022 Series A Bonds.

Section 10. Form.

The 2022 Series A Bonds shall be issued in substantially the form attached to hereto as Appendix A, with any changes that are approved by the Debt Manager. The 2022 Series A Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 11. Rules of Construction.

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

(A) References to section numbers shall be construed as references to sections of this Bond Declaration.

(B) References to one gender shall include all genders.

(C) References to the singular shall include the plural, and references to the plural shall include the singular.

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Dated as of January 25, 2022.

City of Portland, Oregon

By: ____

Debt Manager

Appendix A
Form of Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Limited Tax Revenue Bond, 2022 Series A (Transportation Projects) (Tax-Exempt)

Dated Date: January 25, 2022
Interest Rate Per Annum: «CouponRate»%
Maturity Date: October 1, «MaturityYear»
CUSIP Number: 736740«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on April 1 and October 1 in each year until maturity or prior redemption, commencing April 1, 2022. For so long as this Bond is subject to a book-entry system, principal and interest payments shall be paid on each payment date, as of the close of business on the fifteenth day of the month immediately preceding the applicable payment date, to the nominee of the securities depository for this Bond. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating $41,730,000 in principal amount designated as Limited Tax Revenue Bonds, 2022 Series A (Projects) (Tax-Exempt) (the "Bonds"). The Bonds are issued to finance a variety of transportation projects throughout the City, and to pay costs related to the Bonds. The Bonds are authorized by City Ordinance No. 190596 enacted November 10, 2021 (the "Ordinance"), and relevant provisions of Oregon Revised Statutes ("ORS") Chapter 287A, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of Oregon and the Charter of the City. The terms of the Bonds are described in the Bond Declaration dated as of the date of delivery of the Bonds (the "Bond Declaration").

The Bonds constitute valid and legally binding obligations of the City. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Article XI, Sections 11 and 11b of the Oregon Constitution to pay the Bonds when due, and the City is obligated to pay the Bonds from Available General Funds as provided and defined in the Bond Declaration. The City is not authorized to levy additional taxes to pay the Bonds. The Bonds are not secured by a lien on, or a pledge of, any specific revenues of the City.

The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City. The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. The Depository Trust Company and its participants will maintain records of ownership of beneficial interests in the Bonds. Should the book-entry system be discontinued, the City shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, as provided in the Bond Declaration.

The Bonds shall mature and be subject to redemption as described in the Bond Declaration and in the Official Statement for the Bonds.

Unless the book-entry system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Bond Declaration. The Bonds are subject to conditional notice of redemption as provided in the Bond Declaration.

Unless conditional notice was given, interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. If the book-entry system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

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

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

This Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

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

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

CITY OF PORTLAND, OREGON
1851

City of Portland, Oregon

Ted Wheeler, Mayor

Mary Hull Caballero, Auditor

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of $41,730,000 aggregate principal amount of City of Portland, Oregon, Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (Tax-Exempt) issued pursuant to the Bond Declaration described herein.

Date of authentication: January 25, 2022.

U.S. Bank National Association, as Paying Agent

____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto __________________
____

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

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

Dated:_______________________________________

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

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

Signature Guaranteed

____
(Bank, Trust Company or Brokerage Firm)

____
Authorized Officer

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

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

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

APPENDIX B
FORM OF 2022 SERIES B BOND DECLARATION

CITY OF PORTLAND, OREGON
1851

BOND DECLARATION

City of Portland, Oregon

$9,505,000
Limited Tax Improvement Bonds,
2022 Series B
(Federally Taxable)

Executed on behalf of the City of Portland, Oregon
as of January 25, 2022

TABLE OF CONTENTS

This table of contents is not a part of the bond declaration but is provided for reference only.

BOND DECLARATION

THIS BOND DECLARATION is executed as of January 25, 2022, on behalf of the City of Portland, Oregon by its Debt Manager to establish the terms under which the City's Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) are issued.

Section 1. Findings.

(A) On September 29, 2021, the City Council enacted Ordinance No. 190567 authorizing the City to issue up to $15,000,000 of revenue bonds that are secured by the full faith and credit of the City, to finance and refinance the Projects defined below.

(B) The Ordinance provides that the bonds will be issued under Oregon Revised Statutes ("ORS") Section 287A.150 and the relevant provisions of ORS Chapter 287A, and authorizes the execution of this Bond Declaration.

(C) The City executes this Bond Declaration pursuant to the Ordinance to memorialize the terms and covenants of the City's Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable).

Section 2. Definitions.

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

"2022 Series B Bonds" means the City's Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) that are described in Section 3 of this Bond Declaration.

"Assessment Payments" means all amounts required to be paid to the City under all contracts for installment payment of assessments or other obligations for the Projects that are financed with the 2022 Series B Bonds, the net proceeds of foreclosing any such obligations, and interest earnings on those amounts and proceeds.

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

"Bond Declaration" means this Bond Declaration, including any amendments made in accordance with Section 7 of this Bond Declaration.

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

"City" means the City of Portland, Oregon.

"Debt Manager" means 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 the Ordinance.

"Debt Service Fund" means one or more funds or accounts, which the City accounts for separately, but which may be commingled with other funds or accounts for investment purposes, into which the City shall deposit all Assessment Payments.

"DTC" means The Depository Trust Company, New York, New York, the initial securities depository for the 2022 Series B Bonds.

"Event of Default" refers to an Event of Default listed in Section 8(A) of this Bond Declaration.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon law.

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

"Ordinance" means City Ordinance No. 190567 enacted September 29, 2021.

"Outstanding" refers to all 2022 Series B Bonds authorized and delivered pursuant to this Bond Declaration except 2022 Series B Bonds which have been paid, canceled, or defeased pursuant to Section 9 of this Bond Declaration, and 2022 Series B Bonds which have matured but have not been presented for payment but for the payment of which adequate money has been transferred to the Paying Agent.

"Owner" or "Owners" means the person shown on the 2022 Series B Bond register maintained by the Paying Agent as the registered owner of a 2022 Series B Bond.

"Paying Agent" means the registrar and paying agent for the 2022 Series B Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank National Association, in Portland, Oregon.

"Payment Date" means any day on which principal, interest or premium on 2022 Series B Bonds is required to be paid.

"Projects" means local improvement projects, projects that are eligible to be paid from system development charges imposed for the Bureau of Environmental Services, the Portland Bureau of Transportation, Portland Parks and Recreation, and the Portland Water Bureau, and sidewalk repair projects of the Portland Bureau of Transportation.

"Record Date" means the close of business on the 15th day of the calendar month immediately preceding the applicable payment date.

Section 3. 2022 Series B Bonds Authorized.

(A) Pursuant to the relevant provisions of ORS Chapter 287A and the Ordinance, the City hereby authorizes the issuance, sale and delivery of its Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) in accordance with this Bond Declaration and in a principal amount of $9,505,000. The 2022 Series B Bonds shall be dated their date of delivery, shall bear interest which is payable on June 1 and December 1 of each year, commencing June 1, 2022, and shall mature on June 1 of the following years in the following principal amounts:

Due June 1	Principal Amount ($)	Interest Rate (%)	CUSIP Number (Base 736679)
2022	200,000	0.400	D81
2023	450,000	0.750	D99
2024	450,000	1.100	E23
2025	455,000	1.350	E31
2026	455,000	1.500	E49
2027	380,000	1.600	E56
2032*	2,390,000	2.100	E64
2042*	4,725,000	2.750	E72

*Term Bond

(B) The 2022 Series B Bonds maturing on or after June 1, 2033, are subject to redemption prior to maturity in whole or in part at the option of the City on June 1, 2032, and on any date thereafter, according to DTC's procedures or by lot, at a price of par, plus interest accrued to the date fixed for redemption.

(C) The 2022 Series B Bonds maturing on June 1, 2032 (the "June 1, 2032 Term Bonds") and June 1, 2042 (the "June 1, 2042 Term Bonds" and collectively with the 2032 Term Bonds, the "Term Bonds") are subject to mandatory redemption, in integral multiples of $5,000, according to DTC's procedure or by lot within a maturity, on June 1, 2022, and on any interest payment date thereafter, at a price of par plus interest accrued to the date fixed for redemption, from Assessment Payments as provided in the next sentence. The City will apply Assessment Payments to redeem the Term Bonds to the extent that Assessment Payments received by the City exceed the amount the City determines it should retain to allow the City to pay scheduled debt service on the 2022 Series B Bonds from Assessment Payments. The City may use Assessment Payments to purchase Term Bonds in the secondary market, and Term Bonds purchased or optionally redeemed by the City pursuant to Section 3(B) of this Bond Declaration may be credited against the mandatory redemption requirement described in this section. For purposes of these mandatory redemption provisions, the City will redeem all of the June 1, 2032 Term Bonds before it redeems any June 1, 2042 Term Bonds.

(D) The City may reduce any mandatory redemption requirement for any 2022 Series B Bonds by the amount of 2022 Series B Bonds of the same maturity that the City has purchased for cancellation.

(E) Proceeds of the 2022 Series B Bonds will be used to (a) finance or refinance the Projects; and (b) pay costs of issuance of the 2022 Series B Bonds.

(F) The City reserves the right to purchase 2022 Series B Bonds in the open market.

Section 4. Security for 2022 Series B Bonds.

(A) The 2022 Series B Bonds shall be payable primarily from the Assessment Payments. The City hereby pledges all Assessment Payments to pay the 2022 Series B Bonds. Pursuant to ORS Chapter 287A, the lien shall be valid, binding and fully perfected from the date of issuance of the 2022 Series B Bonds. The City may grant superior, parity or subordinate liens on the Assessment Payments to the owners of other obligations issued to finance local improvement projects without the consent of the Owners of the 2022 Series B Bonds.

(B) Pursuant to ORS Section 287A.315, the City hereby pledges its full faith and credit and taxing power within the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, to pay the 2022 Series B Bonds. The 2022 Series B Bonds are limited tax improvement bonds of the City, and the City shall pay the 2022 Series B Bonds from any of its lawfully available funds to the extent that Assessment Payments are not sufficient to pay the 2022 Series B Bonds.

(C) The City shall deposit all Assessment Payments into the Debt Service Fund. So long as the 2022 Series B Bonds are Outstanding, the City shall use amounts deposited in the Debt Service Fund only to pay: 2022 Series B Bond principal, interest and any redemption premium; any other obligations to which the Assessment Payments are pledged; and, costs of administering the Assessment Payments.

(D) This Bond Declaration shall constitute a contract with the Owners.

Section 5. Superior, Parity, and Subordinate Obligations.

The City reserves the right to pledge the Assessment Payments to secure any obligations of the City.

Section 6. Administrative Provisions for the 2022 Series B Bonds.

(A) Payment of 2022 Series B Bonds. Principal of and interest on the 2022 Series B Bonds shall be payable through the principal office of the Paying Agent.

(B) Book-Entry Only System. The 2022 Series B Bonds shall be initially issued as a BEO security issue, with no 2022 Series B Bonds being made available to the beneficial owners, in accordance with the Blanket Issuer Letter of Representations to DTC. Ownership of the 2022 Series B Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on DTC's BEO system. The 2022 Series B Bonds shall be initially issued in the form of separate single fully registered typewritten bonds for each series and maturity of the 2022 Series B Bonds (the "Global Bonds") in substantially the form attached hereto as Appendix A. Each Global Bond shall be registered in the name of Cede & Co. as nominee (the "Nominee") of DTC (DTC and any other qualified securities depository designated by the City as a successor to DTC, collectively the "Depository") as the "Owner," and such Global Bonds shall remain in the Paying Agent's custody, subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and the Depository until early redemption or maturity of the 2022 Series B

Bond. The Paying Agent shall remit payment for the maturing principal or redemption price and interest on the 2022 Series B Bonds to the Owner for distribution by the Nominee for the benefit of the beneficial owners (the "Beneficial Owners") by recorded entry on the books of the Depository participants and correspondents. While the 2022 Series B Bonds are in BEO form, the 2022 Series B Bonds will be available in denominations of $5,000 and any integral multiple thereof.

(1) In the event the Depository determines not to continue to act as securities depository for the 2022 Series B Bonds, or the City determines that the Depository shall no longer so act, then the City will discontinue the BEO system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry system, the 2022 Series B Bonds shall no longer be a BEO issue and the 2022 Series B Bonds shall be printed and delivered and shall be registered as directed by DTC and thereafter shall be registered, transferred and exchanged as provided in Section 6(C) of this Bond Declaration.

(2) With respect to 2022 Series B Bonds registered in the registration books maintained by the Paying Agent in the name of the Nominee of the Depository, the City, and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner on behalf of which such participants or correspondents act as agent for the Beneficial Owner with respect to:

    (a) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the 2022 Series B Bonds;

    (b) the delivery to any participant or correspondent or any other person, other than an Owner, of any notice with respect to the 2022 Series B Bonds, including any notice of redemption;

    (c) the selection by the Depository of the beneficial ownership interest in 2022 Series B Bonds to be redeemed prior to maturity; or

    (d) the payment to any participant, correspondent, or any other person other than the Owner of the 2022 Series B Bonds, of any amount with respect to principal of or interest on the 2022 Series B Bonds.

(3) Notwithstanding the BEO system, the City may treat and consider the Owner in whose name each 2022 Series B Bond is registered in the registration books maintained by the Paying Agent as the Owner and absolute owner of such 2022 Series B Bond for the purpose of payment of principal and interest with respect to such 2022 Series B Bond, or for the purpose of giving notices of redemption and other matters with respect to such 2022 Series B Bond, or for the purpose of registering transfers with respect to such 2022 Series B Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal of and interest on the 2022 Series B Bonds only to or upon the order of the Owner or

such Owner's respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

(4) Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Bond Declaration shall refer to such new nominee of the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. The Depository shall tender the 2022 Series B Bonds it holds to the Paying Agent for re-registration.

(C) Notice of Redemption.

(1) For any 2022 Series B Bonds which are not in BEO form, unless waived by the Owner of such a 2022 Series B Bond, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2022 Series B Bond or 2022 Series B Bonds to be redeemed at the address shown on the 2022 Series B Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent.

(2) Unless DTC consents to a shorter period, for any 2022 Series B Bonds which are in BEO form the Paying Agent shall notify DTC not less than 20 days prior to the date fixed for redemption of the maturity to be redeemed in the manner required in the City's Blanket Issuer Letter of Representations to DTC. No other notice shall be required.

(3) In addition to the requirements of Section 6(C)(5) of this Bond Declaration, all official notices of redemption shall be dated and shall state:

(a) the date fixed for redemption;

(b) the redemption price;

(c) if less than all outstanding 2022 Series B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2022 Series B Bonds to be redeemed,

(d) except as described in Section 6(C)(5) of this Bond Declaration, that on the date fixed for redemption the redemption price will become due and payable upon each such 2022 Series B Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(e) the place where such 2022 Series B Bonds are to be surrendered for payment of the redemption price, which place of payment shall be an office of the Paying Agent.

(4) Except as described in Section 6(C)(5) of this Bond Declaration, official notice of redemption having been given as aforesaid, the 2022 Series B Bonds or portions of 2022 Series B Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such 2022 Series B Bonds or portions of 2022 Series B Bonds shall cease to bear interest. Upon surrender of such 2022 Series B Bonds for redemption in accordance with said notice, such 2022 Series B Bonds shall be paid by the Paying Agent at the redemption price. Upon surrender for any partial redemption of any 2022 Series B Bond, there shall be prepared for the Owner a new 2022 Series B Bond or 2022 Series B Bonds of the same maturity in the amount of the unpaid principal. All 2022 Series B Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued.

(5) Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners pursuant to this Section 6 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2022 Series B Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of 2022 Series B Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

(6) Upon the payment of the redemption price of the 2022 Series B Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the 2022 Series B Bonds being redeemed with the proceeds of such check or other transfer.

(D) Authentication, Registration and Transfer. (No Book-Entry). The provisions of this Section 6(D) apply only when the 2022 Series B Bonds are not in BEO form.

(1) No 2022 Series B Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2022 Series B Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.

(2) The ownership of all 2022 Series B Bonds shall be entered in the 2022 Series B Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as Owner in the 2022 Series B Bond register as the Owner of the 2022 Series B Bond for all purposes.

(3) The Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the 2022 Series B Bond Owner, as that name and address appear on 2022 Series B Bond register as of the Record Date. If payment is so mailed,

neither the City nor the Paying Agent shall have any further liability to any party for such payment.

(4) 2022 Series B Bonds may be exchanged for an equal principal amount of 2022 Series B Bonds of the same series and maturity which are in different authorized denominations, and 2022 Series B Bonds may be transferred to other owners if the 2022 Series B Bond Owner submits the following to the Paying Agent:

(a) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the 2022 Series B Bond Owner or such Owner's legal representative or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

(b) the 2022 Series B Bonds to be exchanged or transferred.

(5) The Paying Agent shall not be required to exchange or transfer any 2022 Series B Bonds submitted to it during any period beginning with a Record Date and ending on the next following interest payment date; however, such 2022 Series B Bonds shall be exchanged or transferred promptly following the interest payment date.

(6) The Paying Agent shall not be required to exchange or transfer any 2022 Series B Bonds which have been designated for redemption if such 2022 Series B Bonds are submitted to it during the fifteen-day period preceding the designated date fixed for redemption.

(7) For purposes of this Section 6(D)(7), 2022 Series B Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 6(D)(4) of this Bond Declaration.

(8) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 2022 Series B Bond Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 7. Amendment of Bond Declaration.

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

(1) To cure any ambiguity or formal defect or omission in this Bond Declaration;

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

(3) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any Supplemental Bond Declaration;

(4) To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners.

(B) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected 2022 Series B Bonds then Outstanding. However, no amendment shall be valid which:

(1) Extends the maturity of any 2022 Series B Bonds, reduces the rate of interest upon any 2022 Series B Bonds, extends the time of payment of interest on any 2022 Series B Bonds, reduces the amount of principal payable on any 2022 Series B Bonds, or reduces any premium payable on any 2022 Series B Bonds, without the consent of the affected Owner; or

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

Section 8. Default and Remedies.

(A) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:

(1) Failure by the City to pay 2022 Series B Bond principal, interest or premium when due (whether at maturity, or upon redemption after a 2022 Series B Bond has been properly called for redemption);

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of 2022 Series B Bonds, for a period of 60 days after written notice to the City by the Owners of 10 percent or more of the principal amount of 2022 Series B Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 8(A)(2); or,

(3) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(B) The Owners of 10 percent or more of the principal amount of 2022 Series B Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 8(A)(1) of this Bond Declaration.

(C) Upon the occurrence and continuance of any Event of Default hereunder the Owners of 10 percent or more of the principal amount of 2022 Series B Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of 2022 Series B Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of 2022 Series B Bonds by this Bond Declaration or by law. However, the 2022 Series B Bonds shall not be subject to acceleration.

(D) No remedy in this Bond Declaration conferred upon or reserved to Owners of 2022 Series B Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of 2022 Series B Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 9. Defeasance.

The City shall be obligated to pay 2022 Series B Bonds which are defeased pursuant to this Section 9 solely from the money and Government Obligations deposited in escrow in accordance with this Section with an escrow agent or independent trustee as provided in this Section, and the City shall have no further obligation to pay the defeased 2022 Series B Bonds from any source except the amounts deposited in the escrow. 2022 Series B Bonds shall be deemed defeased if the City:

(A) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the 2022 Series B Bonds which are to be defeased without reinvestment; and

(B) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct.

Section 10. Form.

The 2022 Series B Bonds shall be issued in substantially the form attached to hereto as Appendix A, with any changes that are approved by the Debt Manager. The 2022 Series B Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 11. Rules of Construction.

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

(A) References to section numbers shall be construed as references to sections of this Bond Declaration.

(B) References to one gender shall include all genders.

(C) References to the singular shall include the plural, and references to the plural shall include the singular.

[The remainder of this page is intentionally left blank.]

Dated as of January 25, 2022.

City of Portland, Oregon

By: ___________________________________
Debt Manager

Appendix A
Form of Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Limited Tax Improvement Bond, 2022 Series B (Federally Taxable)

Dated Date: January 25, 2022
Interest Rate Per Annum: «CouponRate»%
Maturity Date: June 1, «MaturityYear»
CUSIP Number: 736679«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on June 1 and December 1 in each year until maturity or prior redemption, commencing June 1, 2022. For so long as this Bond is subject to a book-entry system, principal and interest payments shall be paid on each payment date, as of the close of business on the fifteenth day of the month immediately preceding the applicable payment date, to the nominee of the securities depository for this Bond. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating $9,505,000 in principal amount designated as Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) (the "Bonds"). The Bonds are issued to finance or refinance costs of local improvement projects, system development charge projects and sidewalk repair projects, and to pay costs related to issuing the Bonds. The Bonds are authorized by City Ordinance No. 190567 and by the relevant provisions of Oregon Revised Statutes ("ORS") Chapter 287A, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of Oregon and the Charter of the City. The terms of the Bonds are described in the Bond Declaration dated as of the date of delivery of the Bonds (the "Bond Declaration").

The Bonds constitute valid and legally binding obligations of the City. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, to pay the Bonds when due. The City has also agreed to pay the Bonds from its Assessment Payments, as defined and provided in the Bond Declaration, but the City has reserved the right to grant liens on the Assessment Payments that are superior to the lien of the Bonds. The City is not authorized to levy additional taxes to pay the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City.

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

The Bonds shall mature and be subject to redemption as described in the Bond Declaration and in the Official Statement for the Bonds.

Unless the book-entry system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Bond Declaration. The Bonds are subject to conditional notice of redemption as provided in the Bond Declaration.

Unless conditional notice was given, interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. If the book-entry system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

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

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

This Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

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

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

City of Portland, Oregon

Ted Wheeler, Mayor

Mary Hull Caballero, Auditor

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of $9,505,000 aggregate principal amount of City of Portland, Oregon Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) issued pursuant to the Bond Declaration described herein.

Date of authentication: January 25, 2022.

U.S. Bank National Association, as Paying Agent

____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto __________________
____

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

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

Dated:____

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

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

Signature Guaranteed

____
(Bank, Trust Company or Brokerage Firm)

____
Authorized Officer

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

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

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

CITY OF PORTLAND, OREGON

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APPENDIX C
EXCERPTS OF AUDITED FINANCIAL STATEMENTS

CITY OF PORTLAND, OREGON
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INTRODUCTION TO EXCERPTS OF FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for FY 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21. 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 C are excerpted from the City's Annual Comprehensive Financial Reports of the City for FY 2016-17 through FY 2020-21. 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

	2017	2018	2019	2020	2021
Revenues					
Taxes	396,842,948	422,674,507	453,148,009	450,408,565	450,398,254
Payments in lieu of taxes	925,534	1,420,541	856,213	1,139,779	861,758
Rents and reimbursements	4,866,766	4,892,848	4,905,886	4,046,758	2,258,708
Licenses and fees	213,377,412	223,064,189	242,389,960	262,252,207	270,169,273
Intergovernmental revenues	28,923,286	35,860,138	36,338,043	35,031,170	46,901,709
Charges for services	13,159,071	15,122,570	16,328,122	9,735,038	4,747,929
Interagency	55,062,892	61,076,933	65,582,367	72,082,629	83,647,910
Miscellaneous service charges	7,215,001	6,694,994	5,120,178	4,371,499	3,225,585
Investment earnings	1,533,230	1,801,332	5,068,853	4,567,158	1,137,736
Other miscellaneous revenues	3,344,321	4,166,242	3,532,007	5,192,494	1,975,674
Total revenues	725,250,461	776,774,294	833,269,638	848,827,297	865,324,536
Expenditures					
Public safety	432,959,906	470,912,771	494,586,945	510,785,004	517,753,249
Parks/recreation/cultural	86,828,104	92,537,178	95,394,514	94,888,847	88,089,541
Community development	55,334,799	59,329,122	66,995,163	79,708,249	70,279,231
Support svcs./legis./admin.	71,197,778	81,344,595	76,223,793	82,853,788	85,026,805
Environmental services	-	-	-	-	-
Water	0	0	620,000	-	-
Capital outlay	3,441,946	2,461,790	6,763,651	14,616,332	16,126,435
Debt service and related costs	8,991,917	9,856,184	10,718,770	11,378,583	11,884,365
Total expenditures	658,754,450	716,441,640	751,302,836	794,230,803	789,159,626
Revenues over (under) expenditures	66,496,011	60,332,654	81,966,802	54,596,494	76,164,910
Other Financing Sources (Uses)					
Transfers in	2,164,446	1,293,264	12,601,574	9,517,535	11,111,693
Transfers out	(58,287,236)	(54,084,721)	(65,161,332)	(81,217,901)	(52,802,951)
Bonds and notes issued					9,815,551
Proceeds from sale of capital assets	5,463	0	0	0	0
Total other sources (uses)	(56,117,327)	(52,791,457)	(52,559,758)	(71,700,366)	(31,875,707)
Net change in fund balances	10,378,684	7,541,197	29,407,044	(17,103,872)	44,289,203
Fund balance, beginning	101,555,177	111,933,861	119,475,058	148,882,102	131,778,230
Fund balances, ending	$111,933,861	$119,475,058	$148,882,102	$131,778,230	$176,067,433

Source: City of Portland. Information presented for FY 2016-17 through 2020-21 are derived from City of Portland audited annual financial statements.

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

	2017	2018	2019	2020	2021
ASSETS:					
Unrestricted:					
Cash and investments	$93,431,942	$98,872,008	$128,146,357	$144,634,478	$203,490,280
Receivables:					
Taxes	16,046,561	18,570,996	9,373,254	10,977,160	10,145,257
Accounts, net	32,494,604	34,622,036	35,745,715	29,916,735	29,851,751
Accrued interest, advances	1,551,589	2,336,910	2,287,947	689,650	1,382,466
Notes and loans, net	375,880	339,717	352,207	352,207	352,207
Assessments	2,178	3,162	18,073	33,612	81,364
Due from component units	124,901	154,686	406,826	316,676	285,575
Internal loans	0	0	0	0	5,000,000
Inventories	252,251	365,483	299,244	311,058	290,251
Prepaid Items	152,359	176,614	147,564	162,109	119,719
Restricted:					
Cash and investments	7,204,523	8,845,991	10,879,787	10,201,190	-
Receivables:					
Taxes	7,330,174	9,155,346	4,106,229	4,984,522	4,856,901
Total assets	$158,966,962	$173,442,949	$191,763,203	$202,579,397	$255,855,771
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities payable from unrestricted assets:					
Accounts payable	$15,716,359	$16,176,237	$17,666,106	$40,572,083	$40,590,527
Unearned revenue	209,186	291,040	82,074	19,499	21,404,715
Internal loans payable	-	-	-	3,333,500	2,718,500
Due to component unit	1,905,251	1,932,029	2,344,962	1,877,285	1,745,022
Other liabilities	-	-	-	-	-
Liabilities payable from restricted assets:					
Due to fiduciary fund	7,330,174	9,155,346	4,106,229	4,984,522	4,856,901
Other liabilities	7,204,523	8,845,991	10,879,787	10,201,190	-
Total liabilities	32,365,493	36,400,643	35,079,158	60,988,079	71,315,665
Deferred inflows of resources					
Unavailable revenue - unrestricted	14,667,608	17,567,248	7,801,943	9,813,088	8,472,673
Total deferrred inflows of resources	14,667,608	17,567,248	7,801,943	9,813,088	8,472,673
Fund balance					
Nonspendable	404,610	542,097	446,808	473,167	409,970
Committed	58,916,535	60,999,524	70,371,302	62,259,262	75,401,366
Assigned	13,028,310	-	14,828,983	45,462,450	23,185,588
Unassigned	39,584,406	57,933,437	63,235,009	23,583,351	77,070,509
Total fund balance	111,933,861	119,475,058	148,882,102	131,778,230	176,067,433
Total liabilities, deferred inflows of resources and fund balances	$158,966,962	$173,442,949	$191,763,203	$202,579,397	$255,855,771

Source: City of Portland. Information presented for FY 2016-17 through 2020-21 are derived from City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON

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APPENDIX D
FORMS OF LEGAL OPINIONS

CITY OF PORTLAND, OREGON

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On the date of issuance of the 2022 Series A Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

January 25, 2022

City of Portland
1120 SW Fifth Avenue, 10th Floor
Portland, Oregon 97204

Subject: $41,730,000 City of Portland, Oregon, Limited Tax Revenue Bonds 2022 Series A (Transportation Projects) (Tax-Exempt)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Portland, Oregon (the "City") of its Limited Tax Revenue Bonds, 2022 Series A (Transportation Projects) (the "2022 Series A Bonds"), that are dated as of their date of issuance and are in the aggregate principal amount of $41,730,000. The 2022 Series A Bonds are authorized by Oregon Revised Statutes ("ORS") Section 287A.150 and the other applicable provisions of ORS Chapter 287A, City Ordinance No. 190596 enacted November 10, 2021 (the "Ordinance"), and a Bond Declaration dated as of the date of issuance of the 2022 Series A Bonds (the "Bond Declaration").

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, in the Bond Declaration 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 2022 Series A Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of Oregon, the City Charter, the Ordinance, and the Bond Declaration. The 2022 Series A Bonds constitute valid and legally binding obligations of the City that are enforceable in accordance with their terms.

2. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Article XI, Section 11 and 11b of the Oregon Constitution to the payment of the 2022 Series A Bonds. The 2022 Series A Bonds are payable from all legally available funds of the City, including its Available General Funds as described in the Bond Declaration.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the 2022 Series A Bonds 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 2022 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Bond counsel further is of the opinion that, for any 2022 Series A Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds 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 2022 Series A Bonds. 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 2022 Series A Bonds, 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 2022 Series A Bonds 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 2022 Series A Bonds in order that, for federal income tax purposes, interest on the 2022 Series A Bonds 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 2022 Series A Bonds, restrictions on the investment of proceeds of the 2022 Series A Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2022 Series A Bonds 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 2022 Series A Bonds, 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 2022 Series A Bonds 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 2022 Series A Bonds, 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 2022 Series A Bonds 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 2022 Series A Bonds, 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 of interest from gross income for federal income tax purposes on the 2022 Series A Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the 2022 Series A Bonds 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 bond counsel only to the City in connection with the 2022 Series A Bonds and have not represented and are not representing any other party in connection with the 2022 Series A Bonds. This opinion is given solely for the benefit of the City in connection with the 2022 Series A Bonds 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,

On the date of issuance of the 2022 Series B Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

January 25, 2022

City of Portland
1120 SW Fifth Avenue, 10th Floor
Portland, Oregon 97204

Subject: $9,505,000 City of Portland, Oregon, Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Portland, Oregon (the "City") of its Limited Tax Improvement Bonds, 2022 Series B (Federally Taxable) (the "2022 Series B Bonds"), that are dated as of their date of issuance and are in the aggregate principal amount of $9,505,000. The 2022 Series B Bonds are authorized by Oregon Revised Statutes ("ORS") Section 287A.150 and the other applicable provisions of ORS Chapter 287A, City Ordinance No. 190567 enacted September 29, 2021 (the "Ordinance"), and a Bond Declaration dated as of the date of issuance of the 2022 Series B Bonds (the "Bond Declaration").

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, in the Bond Declaration 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 2022 Series B Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of Oregon, the City Charter, the Ordinance, and the Bond Declaration. The 2022 Series B Bonds constitute valid and legally binding obligations of the City that are enforceable in accordance with their terms.

2. Pursuant to ORS 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Article XI, Section 11 and 11b of the Oregon Constitution to the payment of the 2022 Series B Bonds. The 2022 Series B Bonds are payable from all legally available funds of the City, including its Available General Funds as described in the Bond Declaration. The 2022 Series B Bonds are also secured by a pledge of the Assessment Payments, as defined and provided in the Bond Declaration.

3. Interest on the 2022 Series B Bonds is not excludable from gross income for federal income tax purposes.

4. Interest on the 2022 Series B Bonds 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 2022 Series B Bonds, 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.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the 2022 Series B Bonds 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 bond counsel only to the City in connection with the 2022 Series B Bonds and have not represented and are not representing any other party in connection with the 2022 Series B Bonds. This opinion is given solely for the benefit of the City in connection with the 2022 Series B Bonds 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,

CITY OF PORTLAND, OREGON

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APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON
1851

CONTINUING DISCLOSURE CERTIFICATE

City of Portland, Oregon

$41,730,000	**$9,505,000**
Limited Tax Revenue Bonds	**Limited Tax Improvement Bonds**
2022 Series A (Transportation Projects)	**2022 Series B**
(Tax-Exempt)	**(Federally Taxable)**

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the City of Portland, Oregon (the "Issuer") in connection with the issuance of the above-captioned bonds (collectively, the "Bonds").

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

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

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

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

"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 Municipal Securities Rulemaking Board, or any successor to its functions.

"Official Statement" means the final official statement for the Bonds that is dated January 12, 2022.

"Rule" means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer, as the "obligated person," agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data:

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

B. To the extent not included in those annual financial statements, historical financial information and operating data generally of the type included in the Official Statement under the heading "Annual Disclosure Information."

Section 4. Timing. The information described in Section 3 of this Certificate shall be provided by the Issuer for each of its fiscal years in which the Bonds are outstanding. The Issuer shall provide that information not later than nine months after the end of each fiscal year, commencing no later than March 31, 2023, for the fiscal year ended June 30, 2022. The information described in Section 3 of this Certificate shall be provided in the form of audited financial statements if they are then available, and otherwise shall be provided in the form of unaudited financial statements. If the information described in Section 3 of this Certificate is initially provided in the form of unaudited financial statements, the Issuer shall provide audited financial statements promptly after they become publicly available. The Issuer's current fiscal year ends June 30. The Issuer may adjust its fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Issuer may cross-reference to other documents provided to the MSRB.

Section 5. Material Events. The Issuer 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 Bonds:

(a) Principal and interest payment delinquencies;

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

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

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

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

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

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

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

(i) Defeasances;

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

(k) Rating changes;

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

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

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

(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 Issuer 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 Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 3 of this Certificate on or prior to the time set forth in Section 4 of this Certificate.

Section 7. Termination. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision hereof, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate 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 Issuer, 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 Securities, 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 the Bondowners as determined either by parties unaffiliated with the Issuer (such as nationally recognized bond counsel) or by approving vote of the Bondowners pursuant to the terms of the governing instrument for the Securities as it is in effect at the time of the amendment.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 of this Certificate, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Bondowner's Remedies Under This Certificate. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer 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 Securities, 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 Issuer to comply with this Certificate shall be an action to compel performance.

Section 10. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB.

Section 11. Filing 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 12. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 13. 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 January 25, 2022.

City of Portland, Oregon

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Debt Manager

CITY OF PORTLAND, OREGON

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APPENDIX F
BOOK-ENTRY ONLY (BEO) SYSTEM

CITY OF PORTLAND, OREGON

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BEO SYSTEM

DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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.

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