NEW ISSUE—Competitive via *PARITY*
BOOK-ENTRY ONLY **RATING: Moody's MIG 1**

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

City of Portland, Oregon
$21,825,000
Tax Anticipation Notes
Series 2010
(Fire and Police Disability and Retirement Fund)

DATED: Date of Delivery **DUE:** June 28, 2011

The Tax Anticipation Notes, Series 2010 (Fire and Police Disability and Retirement Fund) (the "Notes") will be issued in registered book-entry only form, without coupons, in denominations of $5,000 or integral multiples thereof. The Notes, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes. While Cede & Co. is the registered owner of the Notes (the "Owner") as nominee of DTC, references herein to the Note owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Notes. See "Book-Entry System" herein.

The principal of and interest on the Notes is payable only at maturity on June 28, 2011. While the Notes are in book-entry form, principal of and interest on the Notes will be paid through DTC. See "Book-Entry System" herein.

The Notes are issued pursuant to Oregon Revised Statutes Section 287A.180 and Ordinance No. 183835 adopted May 26, 2010, which authorizes the City to borrow sufficient funds in anticipation of its Fire and Police Disability and Retirement Fund levy for Fiscal Year ("FY") 2010-11.

The Notes will be issued for the purpose of meeting current expenses of the Fire and Police Disability and Retirement ("FPDR") Fund pending collection of annual tax levy receipts for FY 2010-11. Proceeds of the Notes will also be used to pay issuance costs. The City has irrevocably pledged the ad valorem taxes it has budgeted to receive for the FPDR Fund in FY 2010-11 and its full faith and credit to the punctual payment of principal and interest on the Notes. The principal amount of and estimated interest on the Notes is approximately 20.3% of the expected FY 2010-11 FPD&R Fund tax collections.

The Notes will be dated as indicated above, bear interest, and mature as follows:

MATURITY SCHEDULE

Due	Principal Amount	Interest Rate	Price	Yield	CUSIP Number
6/28/2011	$21,825,000	2.00%	101.582	0.300%	736679 TF8

The Notes are offered when, as and if issued by the City and accepted by the successful bidder, subject to prior sale, withdrawal or modification of the offer without notice, to the final approving opinion of K & L Gates LLP, Note Counsel, Portland, Oregon, and to certain other conditions. The City expects that the Notes will be available for delivery through the facilities of DTC in New York, New York on or about July 22, 2010.

Official Statement Dated July 14, 2010

CITY OF PORTLAND, OREGON
1851

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

$21,825,000

Tax Anticipation Notes
Series 2010
(Fire and Police Disability and Retirement Fund)

CITY COUNCIL

Sam Adams,
Mayor and Commissioner of Finance and Administration

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

CITY OFFICIALS

LaVonne Griffin-Valade, City Auditor
Vacant, City Treasurer
Linda Meng, City Attorney

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

DEBT MANAGEMENT

Eric H. Johansen, Debt Manager
City of Portland
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Portland, Oregon 97204
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NOTE COUNSEL

K & L Gates LLP
Portland, Oregon

CITY OF PORTLAND, OREGON
1851

No dealer, broker, salesperson or other person has been authorized by the City of Portland (the "City") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Note Counsel's review of this document is limited; see "LEGAL MATTERS" herein. In accordance with its responsibilities under the federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

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

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

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

In connection with this offering, the successful bidder may over allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time.

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OFFICIAL STATEMENT

OF THE

CITY OF PORTLAND, OREGON

RELATED TO

$21,825,000

Tax Anticipation Notes
Series 2010
(Fire and Police Disability and Retirement Fund)

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the "City") and its Tax Anticipation Notes, Series 2010 (Fire and Police Disability and Retirement Fund) (the "Notes"), dated as of the Date of Delivery.

THE NOTES

AUTHORIZATION AND PURPOSE

The Notes are being issued pursuant to Oregon Revised Statutes ("ORS") Section 287A.180 and Ordinance No. 183835 adopted May 26, 2010 (the "Ordinance"). (See Appendix A for the Ordinance.) The proceeds of the Notes will be used to meet current expenses of the City's Fire and Police Disability and Retirement ("FPDR") Fund pending collection of the annual tax levy receipts FY 2010-11. Included herein as Table 1 is the FPDR Fund cash flow projection for FY 2010-11 without the Notes. Table 2 presents the FPDR Fund cash flow projection for FY 2010-11 with the Notes. A portion of the proceeds of the Notes will be used to pay issuance costs.

FORM AND PAYMENT

The Notes will mature on June 28, 2011, in the principal amounts shown on the cover of this Official Statement and will bear interest from the Dated Date at the interest rate indicated on the cover of this Official Statement. Interest is payable only at maturity and will be computed on a 30-day month, 360-day year basis, with no compounding of interest.

SECURITY FOR THE NOTES

The Notes are secured by a pledge of the ad valorem taxes the City has budgeted to receive for the FPDR Fund in FY 2010-11. The City pledges its full faith and credit to the punctual payment of principal of and interest on the Notes.

The City expects to certify a levy of $118,526,184 for the FPDR Fund for FY 2010-11. This levy translates into a projected tax rate of $2.6287 of Assessed Value, or $1.5085 of Real Market Value. After discounts and delinquencies estimated at $6,985,461, and an estimated reduction due to Measure 50 compression of approximately $4,010,433, it is anticipated that the City will collect $107,530,290 in ad valorem taxes for the FPDR Fund levied for FY 2010-11. Additionally, the City has budgeted $1.8 million of prior years' property taxes to be collected in FY 2010-11. The principal amount of the Notes is approximately 20.0 percent of the expected FY 2010-11 FPD&R Fund current and prior year tax collections, and the principal of and estimated interest on the Notes is approximately 20.3 percent of expected FY 2010-11 FPD&R Fund current and prior year tax collections.

REDEMPTION

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

ESTIMATED CASH FLOW FOR FY 2010-11

The City is issuing the Notes to provide for current expenses in its FPDR Fund. Property tax collections flow into the City at intervals that do not coincide with its expenditures. The City has found it necessary, pursuant to the authority under ORS Section 287A.180, to issue tax anticipation notes to meet its needs for the current expenses of these funds until property tax revenues for FY 2010-11 are received.

Table 1
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Fund
Projected Cash Flow without Tax Anticipation Notes
Fiscal Year Ending June 30, 2011
(000s)

Accounting Period	**1**	**2**	**3**	**4**	**5**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
Ending Date	**31-Jul**	**31-Aug**	**30-Sep**	**31-Oct**	**01 Nov – 9 Nov**	**10 Nov – 30 Nov**	**31-Dec**	**31-Jan**	**28-Feb**	**31-Mar**	**30-Apr**	**31-May**	**30-Jun**	**Total**
BEGINNING BALANCE	$17,286	$9,558	$1,814	($6,112)	($14,034)	($22,154)	$44,832	$64,082	$56,899	$48,518	$44,147	$36,097	$27,678	$17,286
REVENUES														
Property Taxes	787	678	503	569	-	67,799	27,909	1,329	649	4,149	508	544	3,911	109,334
Interest Earned	43	34	27	7	-	2	0	1	8	44	40	31	30	265
Miscellaneous	9	9	9	9	9	-	9	9	9	9	9	9	9	102
TANs (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	$18,124	$10,278	$2,352	($5,528)	($14,025)	$45,647	$72,750	$65,420	$57,564	$52,719	$44,703	$36,680	$31,627	$126,988
EXPENDITURES														
Materials & Services														
Base Pensions	$7,335	$7,455	$7,458	$7,458	$7,460	$0	$7,460	$7,464	$7,565	$7,550	$7,530	$7,517	$7,503	$89,754
Supplemt. Plan Pensions	69	33	33	33	33	-	33	33	33	33	33	33	33	436
Short-Term Disability	195	130	130	130	65	65	195	130	130	130	130	130	195	1,755
Long-Term Disability	347	347	344	340	334	-	340	340	336	336	336	336	341	4,076
Voc Rehab/Med Reimb.	19	22	19	19	11	12	19	19	19	22	19	22	19	239
Medical Claims Costs	288	230	230	288	58	173	288	230	230	230	288	230	230	2,992
Limited Duty Subsidy	-	-	-	-	-	75	-	-	75	-	-	75	515	740
OPSRP Reimbursements	-	-	-	-	-	393	-	-	393	-	-	393	2,834	4,012
Administrative Expenses	314	246	251	238	167	99	334	306	266	271	270	266	348	3,375
TAN/Issue Cost Payment (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	$8,566	$8,464	$8,465	$8,505	$8,128	$815	$8,668	$8,521	$9,046	$8,572	$8,606	$9,002	$12,018	$107,378
ENDING BALANCE	$9,558	$1,814	($6,112)	($14,034)	($22,154)	$44,832	$64,082	$56,899	$48,518	$44,147	$36,097	$27,678	$19,610	$19,610

Notes:

(1) Does not include proceeds of tax anticipation note borrowing.

Source: City of Portland.

Table 2
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Fund
Projected Cash Flow with Tax Anticipation Notes
Fiscal Year Ending June 30, 2011
(000s)

Accounting Period	**1**	**2**	**3**	**4**	**5**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
Ending Date	**31-Jul**	**31-Aug**	**30-Sep**	**31-Oct**	**01 Nov – 9 Nov**	**10 Nov – 30 Nov**	**31-Dec**	**31-Jan**	**28-Feb**	**31-Mar**	**30-Apr**	**31-May**	**30-Jun**	**Total**
BEGINNING BALANCE	$17,286	$31,708	$23,964	$16,037	$8,121	$1	$67,002	$86,262	$79,085	$70,712	$66,356	$58,321	$49,916	$17,286
REVENUES														
Property Taxes	787	678	503	569	-	67,799	27,909	1,329	649	4,149	508	544	3,911	109,334
Interest Earned	43	34	27	12	-	17	11	6	16	59	55	44	45	368
Miscellaneous	9	9	9	9	9	-	9	9	9	9	9	9	9	102
TANs	22,169	-	-	-	-	-	-	-	-	-	-	-	-	22,195
Total Resources	$40,293	$32,428	$24,502	$16,626	$8,129	$67,817	$94,931	$87,606	$79,758	$74,929	$66,927	$58,918	$53,880	$149,259
EXPENDITURES														
Materials & Services														
Base Pensions	$7,335	$7,455	$7,458	$7,458	$7,460	$0	$7,460	$7,464	$7,565	$7,550	$7,530	$7,517	$7,503	$89,754
Supplemt. Plan Pensions	69	33	33	33	33	-	33	33	33	33	33	33	33	436
Short-Term Disability	195	130	130	130	65	65	195	130	130	130	130	130	195	1,755
Long-Term Disability	347	347	344	340	334	-	340	340	336	336	336	336	341	4,076
Voc Rehab/Med Reimb.	19	22	19	19	11	12	19	19	19	22	19	22	19	239
Medical Claims Costs	288	230	230	288	58	173	288	230	230	230	288	230	230	2,992
Limited Duty Subsidy	-	-	-	-	-	75	-	-	75	-	-	75	515	740
OPSRP Reimbursements	-	-	-	-	-	393	-	-	393	-	-	393	2,834	4,012
Administrative Expenses	314	246	251	238	167	99	334	306	266	271	270	266	348	3,375
TAN/Issue Cost Payment	19	-	-	-	-	-	-	-	-	-	-	-	22,232	22,344
Total Expenditures	$8,585	$8,464	$8,465	$8,505	$8,128	$815	$8,668	$8,521	$9,046	$8,572	$8,606	$9,002	$34,250	$129,629
ENDING BALANCE	$31,708	$23,964	$16,037	$8,121	$1	$67,002	$86,262	$79,085	$70,712	$66,356	$58,321	$49,916	$19,630	$19,630

Source: City of Portland.

PROPERTY TAX AND VALUATION INFORMATION

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

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

SECTION 11

Permanent Tax Rate

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

Assessed Value

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

In Oregon, the assessor's estimate of market value is called "Real Market Value." New construction and changed property is not assessed at its Real Market Value. Instead, it receives an Assessed Value that is calculated by multiplying the Real Market Value of the property by the ratio of Assessed Values of comparable property in the area to the Real Market Values of those properties. This produces an Assessed Value for new construction and changed property that approximates to the Assessed Value of comparable property in the area.

Other Property Taxes

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

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

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

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

- Some urban renewal areas that were in existence when Measure 50 was adopted are authorized to impose taxes throughout the boundaries of their creating city or county. The City has five urban renewal areas with this taxing authority.

- The City is authorized to impose a levy to pay its fire and police pension and disability obligations. The City has the authority to levy up to $2.80/$1,000 of Real Market Value under this exemption.

- Local governments are authorized to impose taxes to pay general obligation bonds (see "General Obligation Bonds" below).

SECTION 11B

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

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

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

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

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

LOCAL OPTION LEVIES

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

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

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

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

VOTER PARTICIPATION

New local option levies, taxes to pay general obligation bonds (other than refunding bonds), and permanent rate limits for governments that have not previously levied operating taxes must be approved at an election that is held in May or November, or at an election held in other months if at least 50 percent of the registered voters cast a ballots.

GENERAL OBLIGATION BONDS

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

1) general obligation bonds authorized by a provision of the Oregon Constitution (this applies to State of Oregon general obligation bonds);

2) general obligation bonds issued on or before November 6, 1990;

3) general obligation bonds that were approved by a majority of voters after November 6, 1990 and before December 5, 1996, and issued to finance capital construction or capital improvements;

4) general obligation bonds that were approved after December 5, 1996, and issued to finance capital construction or capital improvements, and which met constitutional voter participation requirements; and

5) obligations issued to refund the general obligation bonds described in the preceding four subparagraphs.

COLLECTION

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

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

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

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

TRENDS IN PROPERTY VALUATION AND TAXATION

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

Table 3
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values (1)
(000s)

Assessed Value

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

Market Value (Measure 5) (2)

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

Notes:

(1) Under the provisions of Ballot Measure 50, beginning with FY 1997-98, Real Market Value and Assessed Value are no longer the same. Measure 50 rolled back the Assessed Value of each property for tax year 1997-98 to its 1995-96 Real Market Value, less ten percent. The Measure further limits any increase in Assessed Value to three percent for tax years after 1997-98, except for property that is substantially improved, rezoned, or subdivided, or property which ceases to qualify for a property tax exemption. This property will be assigned a new Assessed Value equal to the Assessed Value of comparable property in the area. See "PROPERTY TAX AND VALUATION INFORMATION – Section 11B."

(2) Allocation of Market Value to categories "Inside Multnomah County" and "Urban Renewal Incremental Value" is estimated by the City. For explanation of Measure 5 Market Value, see footnote 1 of table entitled "Debt Ratios."

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

Table 4
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2009-10
Levy Code 201 (1)

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

Notes:

(1) Levy Code 201 is the largest levy code area that includes the City, containing approximately 38 percent of the total assessed value of the City. Rates are before allocation to urban renewal division of taxes. Information regarding Levy Code 201 is provided in this table as a representative example of consolidated tax rates within the City.

(2) Includes the City Fire and Police Disability and Retirement pension levy, the City's Children's Investment levy, urban renewal special levies, the Multnomah County local option library levy and the Portland Public Schools local option levy.

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

Table 5
CITY OF PORTLAND, OREGON
Tax Collection Record
for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Collected Yr. of Levy (3)	Collected as of 4/30/10 (3) (4)
2000-01	$257,865	96.35%	99.99%
2001-02	267,740	96.46%	99.98%
2002-03	283,978	96.57%	99.98%
2003-04	324,709	96.92%	99.98%
2004-05	332,887	97.11%	99.97%
2005-06	346,053	97.20%	99.95%
2006-07	363,073	97.29%	99.66%
2007-08	394,491	97.07%	99.27%
2008-09	397,822	96.43%	98.43%
2009-10 (4)	436,332	92.71%	92.71%

Notes:

(1) Tax collection information is for Multnomah County, which represents approximately 99.5% of the City's Assessed Value. Small portions of Washington and Clackamas Counties are also included in the City's Assessed Value.

(2) Includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Measure 5 compression. For a discussion on Measure 5 compression, see "PROPERTY TAX AND VALUATION INFORMATION – Section 11B" herein.

(3) Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy; discounts associated with the 2009-10 tax levy represented about 2.4% of that year's levy.

(4) Partial year collections.

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

Table 6
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Values in Multnomah County
by Property Type (FY 2009-10)

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

Notes:

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

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

Table 7
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts

Taxpayer Account	Type of Business	FY 2009-10 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		$48,377,014,971	100.00%
Pacificorp (PP&L)	Energy	298,242,000	0.62%
Comcast	Communications	265,402,600	0.55%
Portland General Electric	Energy	256,806,550	0.53%
Qwest Corporation	Communications	236,022,870	0.49%
Weston Investment Co. LLC	Real estate (office)	217,297,560	0.45%
Evraz Inc. NA	Steel manufacturing	179,207,130	0.37%
LC Portland LLC	Real estate (retail)	160,982,610	0.33%
Northwest Natural Gas Co.	Energy	142,340,700	0.29%
555 SW Oak LLC	Real estate (commercial)	122,716,560	0.25%
Verizon Communications	Communications	121,883,600	0.25%
Total		$2,000,902,180	4.14%

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

FINANCIAL AND OPERATING INFORMATION

FINANCIAL OPERATIONS

Basis of Accounting

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

Fiscal Year

July 1 to June 30.

Audits

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

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

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

FINANCIAL REPORTING

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

Tables on the following pages are excerpted from the audited financial statements of the Fire and Police Disability and Retirement Fund and the Fire and Police Disability and Retirement Reserve Fund for the Fiscal Years ending June 30, 2005, through June 30, 2009.

A consent of the independent auditor was not requested. The auditor was not requested to perform and has not performed any service in connection with the Notes and is therefore not associated with the offering of the Notes.

Table 8
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Pension Trust Funds (1)
Statement of Changes in Fiduciary Net Assets
Generally Accepted Accounting Principles Basis
for Fiscal Year Ended June 30

	2005	2006	2007	2008	2009
ADDITIONS					
Contributions:					
Employer contributions	$80,265,546	$81,221,695	$81,854,993	$90,177,146	$104,414,913
Plan member	23,268	92,534	26,587	14,799	19,386
Other	50,039	80,171	23,620	59,932	292,763
Total contributions	80,338,853	81,394,400	81,905,200	90,251,877	104,727,062
Investment earnings	761,136	1,391,878	1,679,805	1,621,757	1,224,470
Total additions	81,099,989	82,786,278	83,585,005	91,873,634	105,951,532
DEDUCTIONS					
Benefits and refunds paid to plan members and beneficiaries	77,883,600	79,719,506	85,860,693	92,321,147	96,237,377
Administrative expenses	2,429,256	2,859,419	3,082,524	4,033,770	3,480,184
Refunds	16,368	62,222	23,857	26,329	40,187
Total deductions	80,329,224	82,641,147	88,967,074	96,381,246	99,757,748
Change in net assets	770,765	145,131	(5,382,069)	(4,507,612)	6,193,784
Net assets – beginning	14,351,075	15,121,840	15,266,971	9,884,902	5,377,290
Net assets – ending	$15,121,840	$15,266,971	$9,884,902	$5,377,290	$11,571,074

Notes:

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

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

Table 9
CITY OF PORTLAND, OREGON
Fire and Police Disability and Retirement Funds (1)
Statement of Fiduciary Net Assets
As of June 30

	2005	2006	2007	2008	2009
ASSETS					
Current assets (unrestricted)					
Cash and investments	$16,840,747	$17,727,780	$12,437,333	$9,022,036	$12,700,086
Property tax receivable	4,785,770	4,488,226	4,362,811	4,836,049	6,569,936
Interest receivable	143,783	221,483	344,444	375,510	432,345
Equipment and other fixed assets	4,488	4,011	3,535	3,535	0
Net accounts receivable	0	0	0	0	157,454
Other assets	428,109	410,576	393,043	227,143	368,037
Total assets	22,202,897	22,852,076	17,541,166	14,464,273	20,227,858
LIABILITIES					
Benefits payable	6,212,523	6,726,769	7,022,664	8,157,759	7,846,025
Other liabilities -- current	318,900	300,000	0	359,429	229,752
Salaries and withholding taxes	0	0	70,365	0	0
Revenue bonds payable	526,002	526,002	521,509	513,195	502,722
Accrued interest payable	23,632	32,334	41,726	51,842	62,768
Other post-employment benefits	0	0	0	4,758	15,517
Total liabilities	7,081,057	7,585,105	7,656,264	9,086,983	8,656,784
NET ASSETS					
Held in trust for pension benefits	15,121,840	15,266,971	9,884,902	5,377,290	11,571,074
Total net assets	$15,121,840	$15,266,971	$9,884,902	$5,377,290	$11,571,074

Notes:

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

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

CITY BUDGET PROCESS

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

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

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

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

INSURANCE

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

Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Division and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ended June 30, 2010, the expected rate of return is 0.75 percent. For fiscal year ending June 30, 2011, the expected rate of return is 0.80 percent. The Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage deemed as adequate, appropriate, and actuarially sound. It meets all the City's anticipated settlements, obligations and outstanding liabilities. Furthermore, current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. An excess liability coverage insurance policy covers individual claims in excess of $1,000,000 with a $500,000 sublimit on City Attorney defense costs for the 2010-11 policy year. An excess workers' compensation coverage insurance policy covers claims in excess of $750,000. The City purchases commercial insurance for claims in excess of coverage provided by the City's Workers' Compensation Self-Insurance Fund and for all other risks of loss. A 2010 proposed settlement of a 2006-07 policy year liability claim has reached the excess liability policy attachment point.

Personal Injury and Death Claim

The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $533,300 for causes of action arising on or after July 1, 2010, and before July 1, 2011. This cap increases incrementally through June 30, 2015, to $666,700. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increases to $1,066,700, for causes of action arising on or after July 1, 2010, and before July 1, 2011, and incrementally to $1,333,300 for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed three percent for any year.

Property Damage or Destruction Claim

The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2010, and before July 1, 2011, are as follows: (a) $100,100 for any single claimant and (b) $500,600 to all claimants. Beginning in 2010, these liability limits are adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed three percent for any year.

At the advice of the City's independent actuary and in anticipation of the Oregon legislature raising tort caps as it has done under Senate Bill 311, the City made adjustments to its insurance program. Beginning in FY 2007-08, the City increased its limits of coverage on the excess liability policy from $10 million to $30 million per claim above the $1 million self-insurance retention. The confidence level for the self-insurance reserves in the Insurance & Claims Fund was increased from 60 percent to 70 percent for FY 2007-08, 75 percent for FY 2008-09 and 80 percent for FY 2009-10. An 80 percent confidence level means that there is an 80 percent chance that the self-insurance reserves will be too high and a 20 percent change that the reserves will be too low. No changes are anticipated for FY 2010-11.

PENSION PLANS

General

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

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

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

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

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

Employer Asset Valuation and Liabilities

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

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

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

Table 10
CITY OF PORTLAND, OREGON
Valuation Results for 2007 and 2008

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

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

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

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

Employer Contribution Rates

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

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

Table 11
CITY OF PORTLAND, OREGON
Current Employer Contribution Rates and Advisory Rates
(Percentage of Covered Payroll)

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

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

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

T1/T2 Pension Program employees and OPSRP employees are required by state statute to contribute six percent of their annual salary to the respective programs. Employers are allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution. An employer also may elect via written employment policy or agreement to make additional employer contributions to its employees' IAP accounts in an amount that can range from not less than one percent of salary to no more than six percent of salary and must be a whole percentage. Employers may make this policy or agreement for specific groups of their employees. The City has elected to make an optional contribution to the IAP accounts of public safety employees hired after January 1, 2007 of an additional three percent of their annual salary. The rates reported in Table 11 above do not include the six percent and nine percent employee contribution rates for contributions to the IAP paid by the City.

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

Fire and Police Disability and Retirement Fund

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

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

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

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

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

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

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

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

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

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

PERS Program

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

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

Health Insurance Continuation Option

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

The City's actuary for its OPEB liability associated with the Health Insurance Continuation Option, AON Employee Benefits Consulting, completed an actuarial valuation for purposes of complying with the GASB 45 standards. The valuation was prepared using the Entry Age Normal actuarial cost method by spreading future normal costs evenly over future service ("EAN-Service"). The valuation was prepared using an amortization period of 30 years and an assumed discount rate of five percent. The City's actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2007 (the date of the most recent actuarial valuation), is estimated to be $98,027,683 on an EAN-Service basis. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years. A new valuation study will be undertaken for reporting the OPEB liability as of July 1, 2009.

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

Other Post-Employment Benefits

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

The City's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. In the July 1, 2008 actuarial valuation (the date of the most recent actuarial valuation), the attained age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 4.5 to 10.05 percent for medical and prescription costs. The UAAL is being amortized over 30 years using the level dollar method. The unfunded actuarial accrued liability of the plan as of July 1, 2008 was $20,308,278. Actuarial valuations for FPDR OPEB are undertaken every two years. The next report is scheduled to be issued in the fall of 2010.

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

CITY INDEBTEDNESS

DEBT MANAGEMENT POLICY

In April 1984, the City Council adopted Resolution No. 33661, which places centralized responsibility for Debt Management in the Office of Management and Finance and establishes standards and procedures for the issuance of debt. The policy includes more restrictive limits on City debt issuance than required by State law. This policy has subsequently been updated and expanded. The most recent updates to the debt policy were included in Ordinance 181829, which was adopted by the City Council on May 14, 2008. Among the general provisions in the debt policy are types of debt that may be issued and limitations on their use, selection of finance professionals, methods of sale, structure and term of City indebtedness, issuance of conduit debt, and refunding outstanding debt.

DEBT HISTORY

The City has met all principal and interest payments on its indebtedness in a timely manner and in the required amounts. In addition, the City has never been required to refinance any general obligation indebtedness to meet regular operating expenses.

DEBT LIMITATION

Oregon statutes limit the amount of general obligation debt which an Oregon city may have outstanding at any time to three percent of the true cash value of the City. Limited tax revenue bonds, limited tax improvement bonds, and enterprise revenue bonds (e.g., sewer and water bonds) are among the types of bonds legally exempt from the debt limitation. The City is in compliance with all statutory debt limitations.

OUTSTANDING LONG TERM DEBT

The City issues a variety of debt types for the purpose of carrying out its capital financing activities. These various debt types are shown in the table titled "Long-Term Debt Statement." Outstanding debt amounts are as of June 1, 2010.

Unlimited Tax General Obligation Bonds

Tax Supported General Obligation Bonds

The City has $59.48 million of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding park and emergency facility system improvements. The City is authorized to levy an unlimited ad valorem tax to pay these bonds.

Self-Supporting General Obligation Water Bonds

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

Bonds Paid and/or Secured by the General Fund

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

Non Self-Supporting General Fund Obligations

Limited Tax Revenue Bonds. On June 1, 2010, the City had $82.085 million of outstanding limited tax revenue bonds that are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to satisfy a variety of capital financing requirements.

Limited Tax Pension Obligation Revenue Bonds. The City issued $300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State of Oregon Public Employees Retirement System. The bonds are secured by Available General Funds, defined as revenues which are legally available to pay the bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City. Approximately forty percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining sixty percent is expected to be paid by non-General Fund bureaus of the City. (See "Self-Supporting General Fund Obligations" below.) Approximately $104.0 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources.

Limited Tax Housing Revenue Bonds. The City has outstanding a total of $19.465 million of Limited Tax Housing Revenue Bonds. This amount includes $11.165 million issued for the Headwaters Apartment Project and $8.3 million issued for the Housing Opportunity Program.

Contingent Loan Agreements. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on six conduit housing revenue bond issues. The original par amount of these issues is $36.215 million, of which $31.425 million remains outstanding.

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

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately $176.2 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 an intergovernmental agreement known as the Visitor Development Initiative for various projects. While ultimately secured by the General Fund, these bonds are expected to be repaid in whole or in part with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax. The City has $91.6 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, $26.055 million of outstanding bonds for the Civic Stadium Project, and $1.39 million of outstanding bonds for the Portland Center for Performing Arts ("PCPA") Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has $20.19 million of outstanding limited tax revenue bonds for the Central City Streetcar Project. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

Limited Tax Revenue Bonds (Transit Mall Project). In August 2007, the City issued limited tax revenue bonds to provide a share of the local funding necessary for a light rail extension along the downtown transit mall between Union Station and Portland State University. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service with revenues from the its parking meter revenues. The City has $12.425 million of these bonds outstanding.

Limited Tax Improvement Bonds. The City has $63.105 million of outstanding limited tax improvement bonds. These bonds are issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds, and the bonds are payable from all legally available revenues, taxes and other funds of the City.

Arena Limited Tax Revenue Bonds. On February 17, 2005, the City sold the Arena Limited Tax Revenue Refunding Bonds, 2005 Series A and B to refund the Arena Limited Tax Revenue Bonds, 1996 Series A and B, the Arena Limited Tax Bonds, Series 1996 and the Arena Gas Tax Revenue Bonds, 1996 Series A. The City currently has $19.4 million of these bonds outstanding. These limited tax revenue bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.

Urban Renewal Lines of Credit. The City has established lines of credit for several of its urban renewal areas that are secured in part by the City's full faith and credit. 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 as of June 1, 2010, was $184.2 million.

Other Obligations. The City has about $2.6 million in other obligations outstanding. This includes a loan being repaid by the North Macadam Investors, LLC and a State loan being repaid by the Bureau of Environmental Services.

Revenue Bonds

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

Urban Renewal Bonds

As of June 1, 2010, a total of $334.4 million of Urban Renewal and Redevelopment Bonds are outstanding for six urban renewal areas. On June 24, 2010, the City issued $36,890,000 of urban renewal and redevelopment bonds for the Lents Town Center urban renewal area. All of these obligations are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds.

Table 12
CITY OF PORTLAND, OREGON
Long-Term Debt Statement (1)
As of June 1, 2010

Type of Obligation	Amount Outstanding
UNLIMITED TAX GENERAL OBLIGATION BONDS	
Tax Supported	
General Obligation Parks Bonds	$19,960,000
General Obligation Emergency Facilities Bonds	39,520,000
Total Tax Supported G.O. Bonds	$59,480,000
Self-Supporting	
General Obligation Water Bonds	$1,590,000
Total Self-Supporting G.O. Bonds	$1,590,000
BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
Non-Self-Supporting	
Limited Tax Revenue Bonds	$82,085,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	104,015,370
Limited Tax Housing Revenue Bonds	19,465,000
Total Bonds Secured and Paid from the General Fund	$205,565,370
Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	$176,162,975
Limited Tax Revenue Bonds (Streetcar)	20,190,000
Limited Tax Revenue Bonds (Convention Center)	91,639,108
Limited Tax Revenue Bonds (PCPA)	1,390,000
Limited Tax Revenue Bonds (Civic Stadium)	26,055,000
Limited Tax Revenue Bonds (S. Waterfront)	2,243,491
Limited Tax Revenue Bonds (Arena)	19,400,000
Limited Tax Revenue Bonds (Transit Mall)	12,425,000
Limited Tax Improvement Bonds	63,105,000
State Loans (Brookside)	361,527
Urban Renewal Lines of Credit	184,157,076
Total Self-Supporting Bonds Secured by the General Fund	$597,129,178
REVENUE BONDS	
First Lien Sewer Revenue Bonds	$1,002,715,000
Second Lien Sewer Revenue Bonds	313,965,000
Sewer SRF Loans	19,125,839
First Lien Water Revenue Bonds	259,540,000
Second Lien Water Revenue Bonds	64,175,000
Parking Revenue Bonds	1,855,000
Golf Revenue Bonds	2,191,000
Hydroelectric Revenue Bonds	15,035,000
Urban Renewal Bonds	334,445,000
Gas Tax Revenue Bonds	4,295,000
Total Revenue Bonds	$2,017,341,839
TOTAL - ALL OUTSTANDING DEBT	$2,881,106,387

Notes:

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

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

Tables 13-15 below set forth the City's general obligation capital debt ratios, the overlapping debt among various taxing districts in the City, and outstanding direct general obligation debt of the City incurred for capital purposes.

Table 13
CITY OF PORTLAND, OREGON
Debt Ratios
As of June 1, 2010

	Amount	Per Capita	Percent of Market Value	Percent of Assessed Value
July 1, 2009 Population	582,130			
2009-10 Market Value (Measure 5) (1)	$89,022,110,363	$152,925		
2009-10 Assessed Value (2)	$48,377,014,971	$83,103	54.34%	
Gross Bonded Debt (3)	$905,844,745	$1,556	1.02%	1.87%
Net Direct Debt (4)	$59,480,000	$102	0.07%	0.12%
Net Overlapping Debt (as of 6/30/2009) (5)	$376,148,902	$646	0.42%	0.78%
Net Direct and Overlapping Debt	$435,628,902	$748	0.49%	0.90%
FY 2009-10 General Fund Debt Service as a % of FY 2009-10 General Fund Revised Budget (6)	3.1%			

Notes:

(1) Market Value reported in this table encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal incremental real market values. Market Value reported in this table and in Table 3 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 2008-09, the Measure 5 Market Value in Multnomah County represented about 84 percent of full real market value. For information regarding historical Market Value, see table titled "Historical Trends in Assessed and Market Values" herein.

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

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

(4) Includes only general obligation bonds paid from a separate, unlimited ad valorem tax. Does not include self-supporting general obligation bonds or bonds paid and/or secured by the City's General Fund.

(5) See Table 14 below for information on overlapping debt.

(6) Debt service amount includes all non-self supporting bonds paid and/or secured by the General Fund, but excludes General Fund share of pension obligation bonds.

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

Table 14
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2009

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

Notes:

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

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

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

Table 15
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations

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

Notes:

(1) Reflects General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. Amounts shown include projected debt service on the variable rate 1999 Series D & E Bonds and are subject to change.

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

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

(4) Reflects non-General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. A portion of the debt service on the bonds is expected to be paid from capitalized interest. Amounts shown include projected debt service on the variable rate 1999 Series D & E Bonds (auction rate securities) and are subject to change.

(5) Includes estimated debt service on bonds issued for the Central City Streetcar Project, Convention Center Expansion Project, Portland Mall Revitalization Project, and improvements to the Portland Center for the Performing Arts ("PCPA") and Civic Stadium. The Central City Streetcar bonds are expected to be paid from parking facility and meter revenues. Bonds issued for Convention Center expansion, PCPA, and Civic Stadium will be repaid in whole or in part from transient lodging tax and vehicle rental tax surcharges imposed by Multnomah County. Bonds issued for Portland Mall Revitalization Project expected to be repaid with meter revenues. Also includes bonds for South Waterfront projects.

Source: City of Portland.

SHORT-TERM AND OTHER INDEBTEDNESS

Cash Flow Borrowings

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

Short-Term Borrowings

The City has issued short-term notes and lines of credit for a variety of purposes including interim construction financing of local improvement districts and interim financing for urban renewal district projects, housing, transportation, and other capital projects. The notes are paid primarily from proceeds of bonds sold at completion of the construction projects. As of June 1, 2010, the City has approximately $178.5 million of these short-term obligations outstanding, excluding lines of credit for urban renewal shown in the table entitled "Long-Term Debt Statement." This amount includes the outstanding balance on a line of credit for Sewer System capital improvements established in March 2010 in the amount of $160 million, which is expected to be repaid by August 31, 2010.

Conduit Financings

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

Concurrent Debt Issues

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

Table 16
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Urban Renewal Improvements	$50 million	Summer 2010	North Macadam Urban Renewal and Redevelopment Bonds
Sewer System Capital Improvements	$450 million	August 2010	Sewer System Revenue Bonds

Source: City of Portland.

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated population of 582,130 as of July 1, 2009, comprises an area of approximately 135 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.2 million people as of July 1, 2009. The City is the county seat of Multnomah County and is the largest city in Oregon and the second largest city in the Pacific Northwest.

PORTLAND-VANCOUVER-BEAVERTON METROPOLITAN STATISTICAL AREA

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

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

POPULATION

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

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

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

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

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

Notes:

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

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

INCOME

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

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

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

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

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

LABOR FORCE AND UNEMPLOYMENT

Table 19 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 1999 through 2009. For May 2010, the seasonally-adjusted unemployment rate for the MSA was 10.8 percent (10.3 percent not seasonally-adjusted) with a resident civilian labor force of 1,166,139. Table 20 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2000 through 2009.

Table 19
CITY OF PORTLAND, OREGON
MSA LABOR FORCE AND UNEMPLOYMENT RATES[1]

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

Notes:

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

Source: Oregon Employment Department.

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

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

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

EMPLOYMENT BY INDUSTRY

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

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

Industry	2005	2006	2007	2008	2009
Total nonfarm employment	**983,600**	**1,015,300**	**1,034,900**	**1,034,300**	**972,400**
Total private	**846,000**	**876,400**	**892,700**	**887,300**	**824,100**
Manufacturing	**123,400**	**126,600**	**126,100**	**123,200**	**108,600**
Durable goods	93,600	96,400	95,700	93,500	81,500
Wood product manufacturing	5,900	6,000	5,600	4,800	3,700
Primary metal manufacturing	6,000	6,300	6,600	7,100	5,800
Fabricated metal manufacturing	12,500	12,900	13,300	13,400	11,000
Machinery manufacturing	8,300	8,400	8,600	8,300	7,100
Computer/electronic manufacturing	36,500	37,700	36,900	35,900	33,600
Transportation equipment manufacturing	9,000	9,300	9,000	8,600	7,000
Nondurable goods	29,800	30,200	30,400	29,600	27,100
Food manufacturing	8,600	8,800	9,100	9,200	9,000
Paper manufacturing	5,000	4,900	4,700	4,500	3,900
Non-Manufacturing	**722,500**	**749,800**	**766,600**	**764,200**	**715,600**
Construction and mining	60,300	64,900	66,900	62,400	50,400
Trade, transportation, and utilities	198,000	202,600	205,700	203,900	189,600
Wholesale Trade	56,300	57,500	58,100	57,800	54,400
Retail trade	104,900	107,600	109,800	108,500	100,900
Transportation, warehousing, and utilities	36,900	37,500	37,800	37,600	34,300
Information	23,100	24,000	24,800	24,600	22,900
Financial activities	68,200	70,600	70,400	67,800	64,200
Professional and business services	128,500	134,700	136,400	136,500	124,400
Educational and health services	119,800	123,200	127,800	132,600	134,900
Leisure and hospitality	90,100	94,100	98,000	99,300	94,000
Other services	34,500	35,700	36,600	37,100	35,200
Government	**137,600**	**138,900**	**142,300**	**147,000**	**148,300**

Notes:

(1) Totals may not sum due to rounding.

Source: State of Oregon, Employment Department.

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

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

Source: Portland Business Journal, December 19, 2008.

REAL ESTATE

Industrial

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

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

The industrial sector has been negatively impacted by the downturn in the Portland economy. Overall vacancy rates increased to 9.1 percent compared to 8.0 percent in the first quarter of 2010, as reported by Grubb & Ellis in their publication *Industrial Trends Report -- First Quarter 2010, Portland, OR*. Vacancy rates were slightly higher relative to the fourth quarter of 2009. Grubb & Ellis note that despite the increase in vacancy rates, there are signs of improvement in the industrial property market, with some market segments showing increased user demand and positive net absorption. With no new construction projected to come online, it is expected that vacancy rates will gradually begin to decline.

Office

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

Vacancy rates have increased slightly over all markets in the first quarter of 2010, according to the *Office Trends Report -- First Quarter 2010, Portland, OR* prepared by Grubb & Ellis (the "Office Quarterly Report"). The first quarter vacancy rate for the Portland region was 15.3 percent, compared to 12.6 percent for the fourth quarter of 2009. Vacancy rates in the suburban market continued to grow to 18.1 percent from 14.9 percent in the first quarter of 2009. The first quarter 2010 vacancy rate in the downtown area of 10.8 percent was also higher than the first quarter 2009 vacancy rate of 8.7 percent. Despite the higher vacancy rates, Grubb & Ellis report that the downtown office market has stabilized, helped in large part by the relocation of federal General Services Administration tenants into the market while the Edith Green-Wendell Wyatt Federal Building is being renovated. The Office Quarterly Report indicates that the office market ended the first quarter of 2010 with a year-to-date net absorption gain for the overall market of 204,936 square feet. Class A office space in the downtown averaged $26.21 per square foot, and $23.65 per square foot for the Portland metropolitan area.

Housing

The year-to-date median selling price of a home in the Portland metropolitan area in March 2010 was $237,500, down 5.0 percent from March 2009 year-to-date price of $250,000, according to the Realtors Metropolitan Area Multiple Listing Service ("RMLS"). As of March 2010, homes in the Portland metropolitan area were on the market an average of 144 days during the year. According to RMLS, through March of 2010, the West and Southeast Portland regions were the most active residential real estate areas, with 1,573 and 1,548 closed sales, respectively. Portland metropolitan area closed sales year-to-date were up 37.3 percent from the same period in 2009. The table below compares the median home sale price for the first quarter of 2009 and 2010 in the Portland region with the nation and western U.S.

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

Region	1st Quarter 2009	1st Quarter 2010	Percent Change
U.S.	$167,300	$166,100	-0.7%
West	229,200	210,200	-8.3%
Portland Metro. Area	248,600	237,400	-4.5%

Source: National Association of Realtors and RMLS.

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

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

Region	1st Quarter 2009	1st Quarter 2010	Percent Change
U.S.	$170,800	$170,700	-0.1%
West	167,500	155,300	-7.3%
Portland Metro. Area	191,500	172,200	-10.1%

Source: National Association of Realtors and RMLS.

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

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

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

Source: U.S. Census Bureau.

Urban Renewal

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

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

TRANSPORTATION AND DISTRIBUTION

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

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

In 2009, 501 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2009 decreased by 27.1 percent, from 10.3 million short tons in 2009 compared to 14.1 million in 2008. Through April 2010, total maritime tonnage was up 45 percent over January 2009.

The Columbia River ship channel is currently maintained at a depth of 40 feet from the Portland Harbor to the Pacific Ocean 110 miles downstream. In 2005, the Columbia River Channel Deepening Project was initiated to deepen the shipping channel of the Columbia River from 40 feet to 43 feet to accommodate larger, more efficient vessels. The project will be paid for with federal, Washington and Oregon state, and local port funds. Because significant areas of the Columbia River are naturally deeper than what the new channel requires, only specific areas will require dredging. The Columbia River channel deepening effort is expected to be completed by the end of calendar year 2010.

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

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

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

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

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

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

TriMet's light rail system ("MAX") connects the cities of Portland, Gresham, Beaverton and Hillsboro, and PDX. The Interstate MAX line, which began service in 2004, added 5.8 miles of service from the Rose Quarter and Oregon Convention Center into North Portland neighborhoods, medical facilities, and the Metropolitan Exposition Center.

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

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

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

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

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

Portland is the State's largest city and the center of business and transportation routes in the State. Therefore, the City accommodates a large share of the State's tourist and business visitors. The City is a destination for many tourists who are drawn to its diverse cultural and recreational facilities. These include the Oregon Symphony and associated musical organizations, Portland Center for the Performing Arts, Oregon Ballet, Portland Opera, Portland Center Stage, Portland Art Museum, Oregon Historical Society Museum, Children's Museum, Oregon Museum of Science and Industry, Forest Discovery Center (formerly World Forestry Center), Japanese Gardens, International Rose Test Gardens, the Lan Su Chinese Garden and the Oregon Zoo. The metropolitan area includes more than 40 other local theater and performance art companies and ten additional gardens of special interest. Portland is the home of Forest Park, the largest urban park in the United States with a total of more than 5,000 acres. A prime tourist attraction for the City, known as the City of Roses, is the three-week long Portland Rose Festival held each June since 1907. More than two million participants enjoy the festival annually.

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

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

HIGHER EDUCATION

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

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

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

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

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

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

UTILITIES

Electric Power and Natural Gas

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

Communications

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

Water, Sewer, and Wastewater

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

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

AGRICULTURE

Because the City is the primary urban center in the State, agriculture is not a major industry in the greater metropolitan area. The metropolitan area, however, accounted for approximately 20.6 percent of the State's Gross Farm and Ranch Sales based on 2009 estimates from the Oregon State University Extension Economic Information Office. Clackamas County ranked second and Yamhill and Washington counties ranked third and fourth among all counties in the State in Gross Farm and Ranch Sales.

The 2009 Gross Farm and Ranch Sales in Clackamas County was $302,449,000; Washington County was $238,945,000; Yamhill County was $222,564,000; Multnomah County was $62,828,000; and Columbia County was $19,632 as estimated by the Oregon State University Extension Service.

THE INITIATIVE PROCESS

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

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

PROPOSED INITIATIVES WHICH QUALIFY TO BE PLACED ON THE BALLOT

To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2010 general election, the requirement is eight percent (110,358 signatures) for a constitutional amendment measure and six percent (82,769 signatures) for a statutory initiative. The last day for submitting signed initiative petitions for the 2010 general election was July 2, 2010. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

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

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

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

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

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

Source: Elections Division, Oregon Secretary of State.

FUTURE INITIATIVE MEASURES

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

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

TAX MATTERS

In the opinion of K & L Gates LLP, Note Counsel, interest on the Notes is excluded from gross income for federal income tax purposes. Furthermore, interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

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

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

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

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

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

Note Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Note Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Note Counsel and the City's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Note Counsel cannot predict whether the IRS will commence an audit of the Notes. Owners of the Notes are advised that, if the IRS does audit the Notes, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the Notes may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Premium

The initial public offering price for the Notes may be greater than the amount payable on the Notes at maturity. Note Counsel expresses no opinion with respect to the treatment of this additional amount.

Oregon Personal Income Tax Exemption

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

RATING

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

LEGAL MATTERS

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

LITIGATION

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

Because the City cannot be certain when a threat of litigation is made, the City reports threats of litigation only when the City is engaged in active settlement negotiations in order to pre-empt filing of a lawsuit. Further, the City discloses only pending or threatened litigation which the City has determined may have a materially adverse impact on the City's financial position in relation to the Notes; for the Notes that involves litigation where the damages or performance sought has a reasonable probability of imposing liability of $10 million or more. No such litigation is currently pending or, to the knowledge of the officers of the City charged with issuing the Notes, threatened.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

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

MISCELLANEOUS

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

FORWARD LOOKING STATEMENTS

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

CONTINUING DISCLOSURE

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

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

CONCLUDING STATEMENT

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

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

CITY OF PORTLAND, OREGON

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

CITY OF PORTLAND, OREGON

1851

APPENDIX A
ORDINANCE

CITY OF PORTLAND, OREGON
1851

ORDINANCE No. 183835

* Authorize a borrowing of not more than $32,450,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2010-2011 (Ordinance)

THE CITY OF PORTLAND ORDAINS:

Section 1. The Council finds:

1. The Fire and Police Disability and Retirement Fund of the City of Portland (the "City") will experience a cumulative cash flow deficit during fiscal year 2010-2011.

2. Oregon Revised Statutes Section 287A.180 authorizes the City to borrow money in anticipation of taxes and other moneys to be received by the City in fiscal year 2010-2011, and to pledge its anticipated taxes and other revenues to secure those borrowings, so long as the borrowings mature within 13 months after they are issued and do not exceed 80 percent of the amount the City has budgeted to receive in that fiscal year.

3. The City will budget to receive approximately $109 million of ad valorem taxes for the Fire and Police Disability and Retirement Fund in fiscal year 2010-2011.

4. Federal law permits the City to finance its deficit in the Fire and Police Disability and Retirement Fund with tax-exempt obligations, and to avoid payment of arbitrage rebate in connection with the borrowings, if the City's actual cash flow deficit exceeds the amount it borrows.

5. The City adopts this Ordinance to authorize the City to borrow not more than $32,450,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2010-2011.

NOW, THEREFORE, the Council directs:

a. The City may borrow and have outstanding up to $32,450,000 of borrowings in anticipation of its Fire and Police Disability and Retirement Fund levy for fiscal year 2010-2011. The borrowings shall mature not later than thirteen months after they are issued, shall be issued under the authority of ORS 287A.180, and may be in the form of one or more notes, lines of credit, or other obligations. In connections with these borrowings, the Debt Manager of the City, the Chief Financial Officer of the Bureau of Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance may, on behalf of the City:

1. borrow money from one or more commercial banks in the form of notes, lines of credit or other obligations, or sell notes or other obligations in the public securities markets by negotiated sale or competitive bid;

2. participate in the preparation of, authorize the distribution of, and deem final any disclosure documents that are desirable for the borrowings;

3. establish the final principal amounts, maturity dates, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the borrowings within the limitations of this Ordinance;

4. pledge the City's full faith and credit, ad valorem taxing power, and any other City taxes and revenues to pay the borrowings;

5. provide that the borrowings bear interest that is excludable from, or includable in, gross income under the federal internal revenue code;

6. covenant to comply with the requirements of federal law that are necessary for interest on tax-exempt borrowings to be excludable from gross income under the federal internal revenue code;

7. negotiate the terms of, and execute and deliver any legal documents that are desired to carry out the borrowings authorized by this Ordinance, execute and deliver any related certificates or other documents, and take any other action in connection with the borrowings which the Debt Manager finds will be advantageous.

Section 2. The Council declares that an emergency exists in order to ensure funds are available to meet the Fire and Police Disability and Retirement Fund cash flow needs in a timely manner; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

APPENDIX B
LEGAL OPINION

CITY OF PORTLAND, OREGON
1851

K&L|GATES

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Portland, OR 97201-6632

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July 22, 2010

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

Goldman, Sachs & Co.
200 West Street
New York, NY 10282

Subject: $21,825,000 City of Portland, Oregon, Tax Anticipation Notes, Series 2010 (Fire and Police Disability and Retirement Fund)

Ladies and Gentlemen:

We have acted as Note Counsel in connection with the issuance by the City of Portland, Oregon (the "City") of its Tax Anticipation Notes, Series 2010 (Fire and Police Disability and Retirement Fund) (the "Notes"), which are dated July 22, 2010 and are in the aggregate principal amount of $21,825,000. The Notes are authorized by City Ordinance No. 183835 adopted May 26, 2010 (the "Ordinance").

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

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

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

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

1. The Notes have been legally authorized, executed and delivered under and pursuant to the Constitution and Statutes of the State of Oregon, the Ordinance, and the City Charter. The Notes constitute valid and legally binding obligations of the City which, except as noted below, are enforceable in accordance with their terms.

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

3. Interest on the Notes is excludable from gross income for federal income tax purposes. Furthermore, interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The portion of this opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes in order that the interest on the Notes be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with these covenants may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

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

We note that the City has not designated the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

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

This opinion is based on existing law and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

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.

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

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

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

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

Respectfully submitted,

K&L GATES LLP

Lawyers

APPENDIX C
CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON
1851

CONTINUING DISCLOSURE CERTIFICATE

$21,825,000
City of Portland, Oregon
Tax Anticipation Notes
Series 2010
(Fire and Police Disability and Retirement Fund)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the City of Portland, Oregon (the "City") in connection with the issuance of the City's Tax Anticipation Notes, Series 2010 (Fire and Police Disability and Retirement Fund) (the "Securities").

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

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

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

"Commission" means the Securities and Exchange Commission.

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

Section 3. Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of the occurrence of any of the following events with respect to the Securities, if material:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions or events affecting the tax status of the security;

7. Modifications to the rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities; and

11. Rating changes.

Section 4. Termination/Modification. The City's obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the City (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision hereof, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the cancellation of this Certificate.

Section 5. Amendment. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

Section 6. Securities Owner's Remedies Under This Certificate. The right of any owner of the Securities or Beneficial Owner to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Securities hereunder.

Section 7. Form of Information. All information required to be provided under this certificate will be provided in an electronic format and with the identifying information prescribed by the MSRB.

Section 8. Submitting Information through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, 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 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 22nd day of July, 2010.

City of Portland, Oregon

____

Eric H. Johansen, Debt Manager

APPENDIX D
BOOK-ENTRY SYSTEM

CITY OF PORTLAND, OREGON
1851

BOOK-ENTRY SYSTEM

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

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

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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