PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2012

NEW ISSUE -- Negotiated
BOOK-ENTRY ONLY **RATING: Moody's Aa3**

In the opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel to the City ("Bond Counsel"), interest on the 2012 Series A Bonds is not excludable from gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Series B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In the opinion of Bond Counsel, interest on the 2012 Bonds is exempt from Oregon personal income tax under existing law. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

City of Portland
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds

$68,445,000*	**$1,315,000***
2012 Series A	**2012 Series B**
(Federally Taxable)	**(Tax Exempt)**

DATED: Date of Delivery **DUE:** June 15, as shown on inside cover

The City of Portland, Oregon, Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A (Federally Taxable) (the "2012 Series A Bonds") and the Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax-Exempt) (the "2012 Series B Bonds" and together with the 2012 Series A Bonds, the "2012 Bonds") will be issued in registered book-entry form only without coupons in denominations of $5,000 or integral multiples thereof. The 2012 Bonds, when executed and delivered, will be registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2012 Bonds. While Cede & Co. is the registered owner of the 2012 Bonds (the "Owner") as nominee of DTC, references herein to the Bond Owners or to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY SYSTEM" herein.

MATURITIES, AMOUNTS AND INTEREST RATES AS SHOWN ON THE REVERSE HEREOF

The 2012 Bonds will bear interest at the rates as set forth on the inside cover. The 2012 Bonds will be dated as of the Date of Delivery. Interest on the 2012 Bonds will be payable semiannually on June 15 and December 15 of each year, beginning December 15, 2012. While the 2012 Bonds are in book-entry form, interest on the 2012 Bonds will be paid through DTC. See "BOOK-ENTRY SYSTEM" herein.

The 2012 Series A Bonds are being issued to pay the outstanding balance on a line of credit established to provide interim financing for federally taxable projects in the Oregon Convention Center Urban Renewal Area (the "Area"), to finance capital projects in the Area, and to pay issuance costs. The 2012 Series B Bonds are being issued to pay the outstanding balance on a line of credit established to provide interim financing for tax-exempt projects in the Area and to pay issuance costs.

The 2012 Bonds are secured by a lien on, and pledge of, the Security, which is on a parity with the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bond, 2011 Series A and its Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2011 Series B. The Security is defined in the Senior Lien Bond Declaration and includes the Divide the Taxes Revenues and the Special Levy for the Area. The City has the power to impose the Special Levy at rates in excess of the rates currently imposed by the City, up to the Maximum Tax Increment Revenues. The Security also includes any Federal Interest Subsidies and all amounts in the Oregon Convention Center Tax Increment Fund except amounts credited to the Senior Lien Reserve Account. See "SECURITY FOR THE 2012 BONDS" herein.

THE 2012 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY OF PORTLAND, OREGON SECURED SOLELY BY AND PAYABLE SOLELY FROM THE SECURITY, AS PROVIDED IN THE SENIOR LIEN BOND DECLARATION. THE 2012 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE PORTLAND DEVELOPMENT COMMISSION, AND ARE NOT SECURED BY OR PAYABLE FROM ANY FUNDS OR REVENUES OF THE CITY OR THE PORTLAND DEVELOPMENT COMMISSION EXCEPT THE SECURITY.

The 2012 Bonds are subject to optional and mandatory redemption prior to maturity. See "REDEMPTION OF THE 2012 BONDS" herein.

The 2012 Bonds are offered when, as and if issued by the City and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, Portland, Oregon, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Counsel, Orrick, Herrington & Sutcliffe LLP, Portland, Oregon. The City expects that the 2012 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about __________, 2012.

Citigroup **BofA Merrill Lynch**

Wells Fargo Securities

____
*Preliminary, subject to change.

MATURITY SCHEDULES

$68,445,000*
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series A (Federally Taxable)

Due June 15	Principal Amount	Interest Rate	Price or Yield	CUSIP No. (1)
2021	$13,875,000			
2022	14,415,000			
2023	14,995,000			
2024	15,685,000			
2025	9,475,000			

$1,315,000*
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series B (Tax Exempt)

Due June 15	Principal Amount	Interest Rate	Price or Yield	CUSIP No. (1)
2025	$1,315,000			

(1) Registered Trademark 2012, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies.

* Preliminary, subject to change.

OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND

MULTNOMAH, WASHINGTON AND CLACKAMAS COUNTIES

OREGON

$68,445,000*
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series A (Federally Taxable)

$1,315,000*
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series B (Tax-Exempt)

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
Jennifer Cooperman, City Treasurer
James H. Van Dyke, Interim City Attorney

Jack D. Graham, Chief Administrative Officer
Richard F. Goward, Jr., Chief Financial Officer

PORTLAND DEVELOPMENT COMMISSION

Scott Andrews, Commissioner and Chair
John C. Mohlis, Commissioner and Secretary
Charles A. Wilhoite, Commissioner
Steven Straus, Commissioner
Aneshka Colas-Dickson, Commissioner

Patrick Quinton, Executive Director
Faye Brown, Chief Financial Officer (Interim)

BOND COUNSEL

Hawkins Delafield & Wood LLP
Portland, Oregon

* Preliminary, subject to change.

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. In making an investment decision, potential investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. **In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the 2012 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time.**

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OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND, OREGON
RELATED TO

$68,445,000*	**$1,315,000***
OREGON CONVENTION CENTER SENIOR LIEN URBAN RENEWAL AND REDEVELOPMENT BONDS 2012 SERIES A (FEDERALLY TAXABLE)	**OREGON CONVENTION CENTER SENIOR LIEN URBAN RENEWAL AND REDEVELOPMENT BONDS 2012 SERIES B (TAX EXEMPT)**

INTRODUCTION

This Official Statement provides information concerning the City of Portland, Oregon (the "City"), the Portland Development Commission (the "Commission" or "PDC"), the Oregon Convention Center Urban Renewal Area (the "Area"), the urban renewal plan established for the Area (the "Plan"), the tax increment revenues for the Area (the "Tax Increment Revenues" as defined in the Amended and Restated Senior Lien Bond Declaration found in Appendix A), the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A (Federally Taxable) (the "2012 Series A Bonds"), and the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax-Exempt) (the "2012 Series B Bonds" and collectively with the 2012 Series A Bonds, the "2012 Bonds"). The 2012 Bonds will be issued in accordance with City Ordinance No. 185257 (the "Ordinance") adopted on April 11, 2012, which authorizes the City to issue the 2012 Bonds and a bond declaration, as described below.

The City's Debt Manager executed and delivered an Amended and Restated Senior Lien Bond Declaration dated as of July 6, 2011, (the "Senior Lien Bond Declaration") which memorializes the terms and conditions of the outstanding Senior Lien Bonds and the terms under which the City may issue future obligations that have a lien on the Tax Increment Revenues of the Area. The City's Debt Manager will also execute and deliver the First Supplemental Senior Lien Bond Declaration dated as of the closing date of the 2012 Bonds (the "First Supplemental Bond Declaration") to establish the specific terms and conditions of the 2012 Bonds, which are issued as Additional Senior Lien Bonds. The body of this Official Statement briefly summarizes many of the provisions of the Senior Lien Bond Declaration and the First Supplemental Bond Declaration (collectively, the "Bond Declaration") and does not purport to be complete. Reference should be made to the Senior Lien Bond Declaration found in Appendix A and the proposed form of the First Supplemental Bond Declaration which is found in Appendix B for full and complete details of their proposed contents. Capitalized terms that are used but not defined in the body of this Official Statement have the meanings defined for those terms in the Bond Declaration.

The 2012 Bonds are secured by a lien on, and pledge of, the Security on parity with the outstanding Senior Lien Bonds. The Security is defined in the Senior Lien Bond Declaration and includes the Divide the Taxes Revenues and the Special Levy for the City's Oregon Convention Center Urban Renewal Area. The City has the power to impose the Special Levy at rates in excess of the rates currently imposed by the City, up to the Maximum Tax Increment Revenues. The Security also includes any Federal Interest Subsidies and all amounts in the Oregon Convention Center Tax Increment Fund except amounts credited to the Senior Lien Reserve Account. See "SECURITY FOR THE 2012 BONDS" and APPENDIX A, "SENIOR LIEN BOND DECLARATION—Security for the Senior Lien Bonds" herein.

THE 2012 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY OF PORTLAND, OREGON THAT ARE SECURED SOLELY BY AND PAYABLE SOLELY FROM THE SECURITY, AS PROVIDED IN THE SENIOR LIEN BOND DECLARATION. THE 2012 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE PORTLAND DEVELOPMENT COMMISSION, AND ARE NOT SECURED BY OR PAYABLE FROM ANY FUNDS OR REVENUES OF THE CITY OR THE PORTLAND DEVELOPMENT COMMISSION EXCEPT THE SECURITY.

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*Preliminary, subject to change.

Under current State of Oregon ("State") law, debt may be issued for an urban renewal area up to a Maximum Indebtedness amount established in the urban renewal plan. See "SECURITY FOR THE 2012 BONDS – MAXIMUM INDEBTEDNESS" herein. With the issuance of the 2012 Bonds, the Maximum Indebtedness for the Area is expected to be reached and the 2012 Bonds are expected to be the final issue of Senior Lien Bonds to provide new money for projects in the Area.

THE 2012 BONDS

DESCRIPTION

The 2012 Bonds will be issued in registered book-entry form only, without coupons, in denominations of $5,000 or integral multiples thereof. The 2012 Bonds, when executed and delivered, will be registered in the name of Cede & Co. as the registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"). See "APPENDIX G—BOOK-ENTRY SYSTEM."

AUTHORIZATION AND PURPOSE

The 2012 Bonds are being issued under the authority of Article IX, Section 1c and Article XI, Section 11(16) of the Oregon Constitution, Oregon Revised Statutes Chapter 457 and the City Charter. The City Council has adopted the Ordinance, which authorizes the 2012 Bonds.

The 2012 Series A Bonds are being issued to pay the outstanding balance on a line of credit established to provide interim financing for projects in the Area that are not eligible for tax-exempt financing, to finance capital projects in the Area, and to pay issuance costs. The 2012 Series B Bonds are being issued to pay the outstanding balance on a line of credit established to provide interim financing for projects in the Area that qualify for tax-exempt financing and to pay issuance costs. The line of credit to be paid with a portion of the proceeds of the 2012 Bonds was provided by Wells Fargo Bank, N.A., which is also serving as one of the underwriters of the 2012 Bonds. See "UNDERWRITING."

FORM

The 2012 Bonds will be issued subject to the Book-Entry System of registration, transfer and payment operated by DTC, and will be subject in all respects to the rules, regulations and agreements pertaining to such Book-Entry System. In accordance with the Book-Entry System, the 2012 Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Purchasers of the 2012 Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2012 Bonds. While Cede & Co. is the registered Owner of the 2012 Bonds (in such capacity, the "Owner") as nominee of DTC, it shall be treated in all respects as the sole Owner of the 2012 Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2012 Bonds) all rights as Owner, including but not limited to the right to give consents, the right to receive notices (including notices of redemption), and other rights conferred on owners of the 2012 Bonds under the Senior Lien Bond Declaration or applicable law. So long as the 2012 Bonds are subject to the Book-Entry System, all registrations and transfers of Beneficial Ownership of the 2012 Bonds will be made only through the Book-Entry System. See Appendix G, herein, for a discussion of the Book-Entry System.

MATURITY AND PAYMENT

The 2012 Bonds mature on June 15 of the years and in the aggregate principal amounts set forth on the inside cover page of this Official Statement and will bear interest from their date of delivery. Accrued and unpaid interest on the 2012 Bonds will be due and payable semiannually on June 15 and December 15 of each year, commencing December 15, 2012.

So long as the 2012 Bonds are subject to the Book Entry System, all payments of the principal of and interest on the 2012 Bonds shall be remitted by the Registrar and Paying Agent, currently U.S. Bank National Association (the "Paying Agent") directly to DTC. DTC, in turn, will be required to distribute such payments to DTC Participants, and the DTC Participants will be responsible for ultimate distribution of such payments to the Beneficial Owners of the 2012 Bonds. The City has no responsibility for the distribution of any payments on the 2012 Bonds by DTC to any DTC Participant or by any DTC Participant to any Beneficial Owner, and shall have no liability whatsoever in the event of any failure by DTC or a DTC Participant to make any such distribution. See "APPENDIX G—BOOK-ENTRY SYSTEM."

REDEMPTION OF THE 2012 BONDS

Redemption of the 2012 Series A Bonds (Federally Taxable)

Par Optional Redemption – 2012 Series A Bonds. The 2012 Series A Bonds maturing on or after June 15, _____, are subject to optional redemption at the election of the City, prior to their maturity date, on any date on or after June 15, ______, in whole or in part (and if in part, in integral multiples of $5,000) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption, from amounts deposited with the Paying Agent by the City and from any other funds available therefor.

Make-Whole Optional Redemption – 2012 Series A Bonds. Prior to the par optional redemption date, the 2012 Series A Bonds are subject to optional redemption by the City prior to their stated maturity dates, as a whole or in part, on any business day, at the "Make-Whole Redemption Price," plus accrued and unpaid interest on the 2012 Series A Bonds to be redeemed on the date fixed for redemption.

The "Make-Whole Redemption Price" is the greater of (i) 100 percent of the principal amount of the 2012 Series A Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2012 Series A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2012 Series A Bonds are to be redeemed, discounted to the date on which the 2012 Series A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus __ basis points.

"Treasury Rate" means, with respect to any redemption date for a particular 2012 Series A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a 2012 Series A Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the 2012 Series A Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the 2012 Series A Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a 2012 Series A Bond:

(1) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or

(2) if the yield described in (1) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the City.

"Reference Treasury Dealer" means each of four firms, specified by the City from time to time, that are primary United States Government securities dealers in the City of New York (each, a "Primary Treasury Dealer"); provided, that if any of them ceases to be a Primary Treasury Dealer, the City is to substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a 2012 Series A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the Valuation Date.

"Valuation Date" means a date selected by the City which is at least three (3) Business Days but not more than twenty (20) calendar days prior to the date the Paying Agent is required to give notice of redemption.

Mandatory Redemption – 2012 Series A Bonds. The 2012 Series A Bonds maturing on June 15, ______, are subject to mandatory redemption in part within a maturity in integral multiples of $5,000 at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption and on June 15 of the years shown in the table below.

Year	Principal Amount
*	
Total	

* Final maturity.

The City may credit against the mandatory redemption requirement any 2012 Series A Bonds of the same maturity which the City has previously purchased or which the City has previously redeemed pursuant to any optional redemption provision.

Selection for Redemption of 2012 Series A Bonds

In the case of redemptions of 2012 Series A Bonds at the option of the City, the City will select the maturities of the 2012 Series A Bonds to be redeemed.

If the 2012 Series A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2012 Series A Bonds shall be effected by the Paying Agent among owners on a pro-rata basis subject to minimum Authorized Denominations. The particular 2012 Series A Bonds to be redeemed shall be determined by the Paying Agent, using such method as it shall deem fair and appropriate.

If the 2012 Series A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2012 Series A Bonds, if less than all of the 2012 Series A Bonds of a maturity are called for prior redemption, the particular 2012 Series A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2012 Series A Bonds are held in book-entry form, the selection for redemption of such 2012 Series A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2012 Series A Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City's intent with respect to the 2012 Series A Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2012 Series A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2012 Series A Bonds will be selected for redemption in accordance with DTC procedures by lot.

Redemption of the 2012 Series B Bonds (Tax Exempt)

Par Optional Redemption – 2012 Series B Bonds. The 2012 Series B Bonds maturing on or after June 15, _______, are subject to optional redemption at the election of the City, prior to their respective maturity dates, on any date on or after June 15,________, in whole or in part (and if in part, from the maturities selected by the City and by lot within a maturity in integral multiples of $5,000) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption, from amounts deposited with the Paying Agent by the City and from any other funds available therefor.

Selection for Redemption of 2012 Series B Bonds

If fewer than all of the 2012 Series B Bonds of a maturity are to be redeemed prior to maturity, then (i) if the 2012 Series B Bonds of such maturity are in book-entry form at the time of such redemption, the Paying Agent is required to instruct DTC to instruct the DTC Participants to select the specific 2012 Series B Bonds of such maturity for redemption by lot, and neither the City nor the Paying Agent will have any responsibility to ensure that DTC or the DTC Participants properly select such 2012 Series B Bonds of a maturity for redemption; and (ii) if the 2012 Series B Bonds of such maturity are not then in book-entry form at the time of such redemption, the 2012 Series B Bonds of such maturity will be assigned certificate numbers and on each redemption date, the Paying Agent is required to select the specific maturities of such 2012 Series B Bonds for redemption within a maturity in the order of the assigned certificate numbers.

Notice of Redemption

Unless DTC consents to a shorter period, for any 2012 Bonds which are in book-entry form, the Paying Agent shall notify DTC not less than 20 days prior to the date fixed for redemption or such lesser time as may be permitted under DTC's operational arrangements then in effect, in the manner required in the City's Letter of Representations to DTC. No other notice shall be required. See "Administrative Provisions for the 2012 Bonds" in the First Supplemental Bond Declaration in Appendix B, herein.

It shall be the sole responsibility of DTC to give all notices of redemption to DTC Participants, and the DTC Participants, in turn, shall be responsible for giving such notices to the Beneficial Owners. Neither the City nor the Paying Agent will be responsible for giving any notice of redemption to any Beneficial Owner or any DTC Participant, nor shall the City or the Paying Agent be liable for any failure of DTC or any DTC Participant to give any such notice as described above. Interest on any 2012 Bond or 2012 Bonds called for redemption shall cease on the redemption date designated in the notice.

Conditional Notice of Redemption

Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditioned upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2012 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and the Bond Declaration provides that any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. The Bond Declaration requires notice of such rescission or of the failure of any such condition to be given by the Paying Agent to affected Owners of 2012 Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Effect of Notice of Redemption

The Bond Declaration provides that official notice of redemption having been given (other than conditional notices of optional redemption as described above), the 2012 Bonds or portions of 2012 Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the City fails to pay the redemption price) such 2012 Bonds or portions of 2012 Bonds shall cease to bear interest.

DEFEASANCE

The Bond Declaration permits the defeasance of the 2012 Bonds. See also "TAX MATTERS – 2012 Series A Bonds – Federally Taxable – Disposition and Defeasance" herein.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The anticipated sources and uses of proceeds from the 2012 Bonds are itemized in the following table.

Table 1
CITY OF PORTLAND, OREGON
Estimated Sources and Uses of 2012 Bond Proceeds

	2012 SERIES A	2012 SERIES B	TOTAL
SOURCES:			
Par amount of bonds			
Net original issue premium/(discount)			
TOTAL SOURCES			
USES:			
Deposit to project fund			
Repayment of lines of credit (1)			
Underwriters' discount			
Costs of issuance			
TOTAL USES			

Notes:

(1) Wells Fargo Bank, N.A., which is serving as one of the Underwriters of the 2012 Bonds, provided the line of credit being repaid with a portion of the proceeds of the 2012 Bonds.

Source: City of Portland.

DEBT SERVICE ON OUTSTANDING SENIOR LIEN BONDS AS OF THE DATE OF DELIVERY

The following table presents the combined debt service on the Senior Lien Bonds as of the Date of Delivery of the 2012 Bonds.

Table 2
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Bonds
Annual Debt Service on Outstanding Senior Lien Bonds
As of the Date of Delivery of the 2012 Bonds

Fiscal Year Ending June 30	Outstanding Senior Lien Bond Debt Service	2012 Bonds		Total Senior Lien Bond Debt Service
		Principal	Interest	
2012	$5,820,521			
2013	5,591,115			
2014	4,628,300			
2015	5,022,900			
2016	5,021,500			
2017	5,019,750			
2018	5,018,250			
2019	5,016,500			
2020	5,019,000			
2021	0			
2022	0			
2023	0			
2024	0			
2025	0			
Total	$46,157,836			

Source: City of Portland.

SECURITY FOR THE 2012 BONDS

PLEDGE OF TAX INCREMENT REVENUES AND FEDERAL INTEREST SUBSIDIES

The 2012 Bonds are secured by a lien on, and pledge of, the Security. The Security includes the Divide the Taxes Revenues and the Special Levy for the City's Oregon Convention Center Urban Renewal Area (collectively, the "Tax Increment Revenues"). The City has the power to impose the Special Levy at rates in excess of the rates currently imposed by the City, up to the Maximum Tax Increment Revenues. The lien of the 2012 Bonds on the Tax Increment Revenues is on a parity with the lien on, and pledge of, the Tax Increment Revenues which secures the outstanding Senior Lien Bonds, which are outstanding in the amount of $37,225,000 as of the date of this Official Statement.

The Divide the Taxes Revenues are fixed for the Area at an annual amount of $5,740,000. The Special Levy is a City-wide tax that may be imposed by the City. See "THE SPECIAL LEVY AND THE COLLECTION COVENANT" below. Amounts collected from these two taxes and the interest earnings upon them are deposited into the Tax Increment Fund as described herein. See "—FUNDS AND ACCOUNTS—The Tax Increment Fund" below.

The sum of the Divide the Taxes Revenues and the Special Levy in any Fiscal Year cannot exceed the Maximum Tax Increment Revenues. See "—MAXIMUM TAX INCREMENT REVENUES" below.

Tax Increment Revenues are subject to compression by Article XI, Section 11B of the Oregon Constitution in a complex manner. The City does not currently impose all of the Special Levy available. Current law authorizes the City or the Commission to request a Special Levy in an amount sufficient to eliminate the effects of Measure 5 compression, but in no circumstance in an amount such that the sum of the Divide the Taxes Revenues and the requested Special Levy exceeds the Maximum Tax Increment Revenues. See "CERTAIN RISKS TO BONDHOLDERS—MEASURE 5 COMPRESSION" and "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B."

THE 2012 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY THAT ARE SECURED SOLELY BY AND PAYABLE SOLELY FROM THE SECURITY, AS PROVIDED IN THE SENIOR LIEN BOND DECLARATION. THE 2012 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE COMMISSION, AND ARE NOT SECURED BY OR PAYABLE FROM ANY FUNDS OR REVENUES OF THE CITY OR THE COMMISSION EXCEPT THE SECURITY.

MAXIMUM TAX INCREMENT REVENUES

The Maximum Tax Increment Revenues ("MTIR") is a limit on the Special Levy. The Special Levy can not exceed the difference between the Divide the Taxes Revenues for a Fiscal Year and the Maximum Tax Increment Revenues for that Fiscal Year. In the past the City has imposed the Special Levy in amounts that are significantly below the Maximum Tax Increment Revenues limitation and expects to impose the Special Levy in amounts that are significantly below the Maximum Tax Increment Revenues limitation. See "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE." Only urban renewal areas that existed on December 5, 1996, (such as the Area) are eligible for a Special Levy. December 5, 1996 is the effective date for the predecessor of Measure 50, which lowered assessed values and reduced property tax rates.

The Maximum Tax Increment Revenues are equal to the amount of taxes that could have been collected in the first fiscal year after Measure 50 passed, calculated as if Measure 50 had not passed and adjusted each subsequent year for changes in the Incremental Assessed Value of the urban renewal area. The Incremental Assessed Value is defined as the difference between the current Assessed Value (see "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11" herein) of all taxable property in the Area and the amount shown in the County Assessor's records as the Assessed Value of the taxable property in the urban renewal area when the property became part of the Area (the "Frozen Base"). The amount of the Maximum Tax Increment Revenues for the Area was $27,534,559 in Fiscal Year ("FY") 2011-12. In any subsequent Fiscal Year the amount of the Maximum Tax Increment Revenues will be recalculated to equal the Maximum Tax Increment Revenues for the prior year, adjusted by the percentage change in the Incremental Assessed Value from the prior year. The Maximum Tax Increment Revenues are reduced only if the Incremental Assessed Value of the Area is reduced. See "—OTHER COVENANTS—Reduction in Area" and "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS" herein."

DIVIDE THE TAXES REVENUES AND INCREMENTAL ASSESSED VALUE

Laws implementing Measure 50 allowed the City and the Commission (and other urban renewal agencies that had urban renewal areas with urban renewal plans in existence on December 5, 1996) to limit Divide the Taxes Revenues to a fixed annual amount. The City and the Commission chose to limit Divide the Taxes Revenues for the Area to $5,740,000. Under current State law this limit is permanent. However, limiting Divide the Taxes Revenues in this way did not limit Maximum Tax Increment Revenues, and the City and the Commission are permitted to impose a Special Levy to make up for the limitation on Divide the Taxes Revenues. Divide the Taxes Revenues for the Area cannot exceed the lesser of $5,740,000 or the maximum Divide the Taxes Revenues. The maximum Divide the Taxes Revenues is calculated by multiplying the Incremental Assessed Value of an urban renewal area by the consolidated billing tax rate. The consolidated billing tax rate is the sum of the tax rates of taxing districts that overlap the Area.

The Assessed Value of the Area was $1,101,597,372 in FY 2011-12. The Frozen Base was $248,951,143, the Incremental Assessed Value was $852,646,229 and the consolidated billing tax rate was $21.9959 per $1,000 of Assessed Value. See "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS" herein.

In 2011, the City and the Commission approved a Plan amendment that will remove certain properties from the Area. The removal of these properties is expected to reduce the value of the Frozen Base and the Incremental Assessed Value beginning in FY 2012-13. Because the City and the Commission limited Divide the Taxes Revenues for the Area to $5,740,000, and because the maximum Divide the Taxes Revenues are always projected to exceed this amount, these reductions in the Assessed Value and Incremental Assessed Values of the Area are not expected to decrease the Divide the Taxes Revenues. See "THE OREGON CONVENTION CENTER URBAN RENEWAL AREA—AMENDMENT TO REDUCE THE BOUNDARIES AND ASSESSED VALUE OF THE AREA" and "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—HISTORICAL AND PROJECTED TRENDS IN MEASURE 5 MARKET VALUES AND ASSESSED VALUES—Projections of Future Assessed Value for the Area" and "—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE" herein. Actual collections of Divide the Taxes Revenues may be less than $5,740,000 in a Fiscal Year due to compression, delinquencies, and discounts.

Incremental Assessed Value not required to produce an amount equal to $5,740,000 when the consolidated billing tax rate is multiplied by the Incremental Assessed Value is released to the overlapping taxing districts, thereby shifting tax dollars raised from the Incremental Assessed Value of the Area to the overlapping taxing districts. Released amounts of Incremental Assessed Value may vary from year to year depending on the Incremental Assessed Value for each year and the amount of Incremental Assessed Value needed to produce the Divide the Taxes Revenues.

The Divide the Taxes Revenues can be reduced by changes in Incremental Assessed Value, changes in the consolidated billing tax rate and Measure 5 compression. See "CERTAIN RISKS TO BONDHOLDERS," "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—OTHER FACTORS AFFECTING TAX COLLECTIONS" and "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—OTHER FACTORS AFFECTING DIVIDE THE TAXES REVENUES" herein.

THE SPECIAL LEVY AND THE COLLECTION COVENANT

Laws implementing Measure 50 allowed the City and the Commission (and other urban renewal agencies that had urban renewal areas with urban renewal plans in existence on December 5, 1996) to impose a citywide Special Levy for the Area. The City and the Commission qualified the Area for the Special Levy, which is collected in the three counties (Multnomah, Washington, and Clackamas) falling within the City's corporate boundaries. Each fiscal year, the City and the Commission are authorized to impose a Special Levy for each urban renewal area (including the Area) that has been qualified for the Special Levy in an amount which, when added to the Divide the Taxes Revenues for that Fiscal Year, does not exceed the amount of the Maximum Tax Increment Revenues for that urban renewal area. The City and the Commission determine the amount of the Special Levy that will be imposed each year as part of the budget process.

The Senior Lien Bond Declaration requires the City and the Commission to impose a Special Levy each Fiscal Year which, when combined with the Divide the Taxes Revenues for that Fiscal Year, is reasonably estimated to produce total Tax Increment Revenues at least equal to 105% of the Required Levy Amount (as defined in the Senior Lien Bond Declaration and described below), subject to the limitation of the Maximum Tax Increment Revenues. (See "THE PORTLAND DEVELOPMENT COMMISSION—URBAN RENEWAL AREAS—Collection Options" in Appendix H.)

The Required Levy Amount is defined as the sum of the Adjusted Annual Debt Service for the Outstanding Bonds for a Fiscal Year, plus any amounts the City reasonably estimates will be required to be deposited into the Senior Lien Reserve Account during a Fiscal Year to restore the balance to the level required by the Senior Lien Bond Declaration, less any amounts in the Senior Lien Debt Service Account and in the Subordinate Indebtedness Fund that are available on July 1 of that Fiscal Year and that will be available to pay the Annual Debt Service in that Fiscal Year. See "—FUNDS AND ACCOUNTS" herein and APPENDIX A—"SENIOR LIEN BOND DECLARATION—Security for the Senior Lien Bonds" and "—The Tax Increment Fund".

In 1998, the City Council agreed to a plan that authorized the collection of the Special Levy for its four Option 3 urban renewal areas, including the Area, up to an aggregate amount of $15 million in order to minimize the impact of Measure 5 compression. See "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B" herein. While the City can impose a Special Levy up to the Maximum Tax Increment Revenues for each urban renewal area if needed, the City plans to limit the Special Levy it certifies for collection to $15 million for all Option 3 urban renewal areas and has structured the debt service payments for these urban renewal areas to fit within this constraint. The City also plans to maintain a "levy stabilization fund" in the amount of 10-15 percent of annual debt service for each Option 3 urban renewal area through FY 2019-20. The levy stabilization fund is intended to help keep the Special Levy stable and predictable given uncertainty in Measure 5 compression and delinquencies. After FY 2019-20, the balance in the levy stabilization fund for the Area may be less than 15 percent of Annual Debt Service. At that time, the debt of other Option 3 urban renewal areas begins to be fully paid and most of the $15 million Special Levy is planned to be reallocated to the Area to meet debt service requirements on the 2012 Bonds. The amount in the Area's levy stabilization fund is expected to be adequate to address unanticipated shortfalls due to compression and delinquencies until the Senior Lien Bonds are fully paid.

For FY 2011-12, the City certified a Special Levy of $5,608,713 for the Area. The Maximum Tax Increment Revenues limitation for FY 2011-12, which was $27,534,559, would have allowed the City to impose a Special Levy in FY 2011-12 of $21,794,559. The City and the Commission expect that the Maximum Tax Increment Revenues will substantially exceed the debt service on the Outstanding Senior Lien Bonds in each year the 2012 Bonds are outstanding. Reductions in the Maximum Tax Increment Revenues can cause reductions in the available Special Levy. See "—MAXIMUM TAX INCREMENT REVENUES," "CERTAIN RISKS TO BONDHOLDERS" and "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE" herein.

MAXIMUM INDEBTEDNESS

To qualify the Area for the Special Levy under Oregon law, the City and the Commission were required to establish a Maximum Indebtedness amount for the Area. The Maximum Indebtedness amount for the Area as established by Ordinance No. 172356 amending the Plan is $167,511,000. The Maximum Indebtedness limitation applies to debt issued on or after December 5, 1996, but does not include refunding debt. See "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—MAXIMUM INDEBTEDNESS" herein.

Oregon law does not clearly indicate the consequences if the City or the Commission issue indebtedness for the Area in an amount that exceeds the Maximum Indebtedness amount; however, it is possible that City and the Commission would lose the power to impose a Special Levy for the Area. The City and the Commission have covenanted to refrain from taking any action that would cause the Commission or the City to cease to be able to impose the Special Levy for the Area, which would preclude increasing the Maximum Indebtedness of the Area. See APPENDIX A—"SENIOR LIEN BOND DECLARATION—General Covenants." Moreover, because the City and the Commission will not increase the Maximum Indebtedness, provisions of Oregon Revised Statutes ("ORS") 457.470 that would limit tax increment revenue collections if the Maximum Indebtedness of an urban renewal area is increased will not apply to the Area.

OTHER COVENANTS

Covenant Not to Issue Obligations with a Superior Lien on the Security

The City covenants in the Senior Lien Bond Declaration not to issue any obligations that have a lien on the Security that is superior to the lien that secures the Senior Lien Bonds.

No Actions to Cause the Area to Cease to Qualify for the Special Levy

The City and the Commission have covenanted to refrain from taking any action that would cause the Commission or the City to cease to be able to levy or collect the Special Levy.

Reduction in Area

The City covenants in the Senior Lien Bond Declaration that it shall not reduce the Area unless the City's Debt Manager reasonably projects that the Area, after the reduction, will have Maximum Tax Increment Revenues which are at least equal to one hundred thirty percent (130%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Bonds (calculated as if all Outstanding Bonds were part of a single Series).

As described above, the City and the Commission approved a Plan amendment that will remove certain properties from the Area. The removal of these properties is expected to reduce the Maximum Tax Increment Revenues beginning in FY 2012-13. The Maximum Tax Increment Revenues in FY 2012-13 are estimated at $25,414,962 and the Adjusted Maximum Annual Debt Service on all then Outstanding Bonds, including the proposed 2012 Bonds, is estimated at $16,960,658. The Maximum Tax Increment Revenues represent 150 percent of the Adjusted Maximum Annual Debt Service, which exceeds the covenant threshold. Issuance of the 2012 Bonds complies with the requirements set forth in the Senior Lien Bond Declaration for issuing Additional Senior Lien Bonds. See "— ADDITIONAL SENIOR LIEN BONDS," "THE OREGON CONVENTION CENTER URBAN RENEWAL AREA—AMENDMENT TO REDUCE THE BOUNDARIES AND ASSESSED VALUE OF THE AREA" and AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS, HISTORICAL AND PROJECTED TRENDS IN REAL MARKET VALUES AND ASSESSED VALUES—Projections of Future Assessed Value for the Area" and "—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE" herein.

Granting or Approving of Tax Exemption

The City covenants the following with respect to granting or approving tax exemptions or tax exemption programs:

(1) The City and the Commission may approve, grant, or provide property tax exemptions or programs that provide property tax exemptions that affect property in the Area without limitation, but only if the programs providing those exemptions (i) are in effect on the date of the Senior Lien Bond Declaration; (ii) replace or renew programs that are in effect on the date of the Senior Lien Bond Declaration, or (iii) only grant exemptions to newly constructed property.

(2) Except for property tax exemptions or tax exemption programs described in (1) above, neither the City nor the Commission shall approve, grant, or provide any Nondiscretionary Exemption Program if the Debt Manager reasonably projects that the Maximum Tax Increment Revenues will fall below one hundred thirty percent (130%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Bonds (calculated as if all Outstanding Bonds were part of a single Series). A Nondiscretionary Exemption Program is defined as a property tax exemption program that affects property in the Area and that grants any person the right to receive a property tax exemption for property in the Area without subsequent discretionary approval of that exemption by the City.

(3) Except for property tax exemptions or tax exemption programs described in (1) above, neither the City nor the Commission shall approve, grant, or provide any Discretionary Property Tax Exemption if the Debt Manager reasonably projects that the Maximum Tax Increment Revenues will fall below one hundred thirty percent (130%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Bonds (calculated as if all Outstanding Bonds were part of a single Series). A Discretionary Property Tax Exemption is defined as any property tax exemption which the City has the ability to deny because of its impact on Maximum Tax Increment Revenues.

Many property tax exemptions do not require City approval, such as those granted by state statute for charitable or religious organizations. See "PROPERTY TAX AND VALUATION INFORMATION—PROPERTY TAX EXEMPTION PROGRAMS" herein for a description of City programs that offer property tax abatements.

FUNDS AND ACCOUNTS

The Tax Increment Fund

The Senior Lien Bond Declaration requires the City to deposit all Tax Increment Revenues and any Federal Interest Subsidies into the Tax Increment Fund. The Senior Lien Bond Declaration separates the Tax Increment Fund into a Senior Lien Bond Fund and a Subordinate Indebtedness Fund. The Senior Lien Bond Fund contains the Senior Lien Debt Service Account and the Senior Lien Reserve Account

All Tax Increment Revenues and any Federal Interest Subsidies deposited in the Tax Increment Fund must be credited:

- First, to the Senior Lien Debt Service Account, until the Senior Lien Bond Debt Service Account contains an amount sufficient to pay the Annual Debt Service for Senior Lien Bonds for that Fiscal Year;

- Second, if the City has established a Senior Lien Reserve Requirement for a subaccount in the Senior Lien Reserve Account and the balance in that subaccount is less than its Senior Lien Reserve Requirement, to the Senior Lien Reserve Account in the amounts required by the documents governing that subaccount (see "The Senior Lien Reserve Account" below); and

- Third, to the Subordinate Indebtedness Fund, any amounts which remain after the foregoing deposits have been made.

Whenever Federal Interest Subsidies are received by the City, if the Senior Lien Debt Service Account already contains amounts sufficient to pay the remaining Annual Debt Service for the Fiscal Year, the City shall nevertheless deposit those Federal Interest Subsidies into the Senior Lien Debt Service Account, but shall release an equal amount of Tax Increment Revenues that were previously deposited in that debt service account and shall treat the released Tax Increment Revenues as newly received Tax Increment Revenues and shall apply them to the priorities described above. The City does not currently receive any Federal Interest Subsidies as defined in the Senior Lien Bond Declaration.

<u>The Senior Lien Debt Service Account</u>

Amounts in the Senior Lien Debt Service Account shall be used only to pay Senior Lien Bond principal, interest and premium.

<u>The Senior Lien Reserve Account</u>

The Senior Lien Bond Declaration allows the City to create and fund subaccounts in the Senior Lien Reserve Account to secure future Additional Senior Lien Bonds. The City does not expect to establish a subaccount in the Senior Lien Reserve Account to secure the 2012 Bonds. See APPENDIX A—"SENIOR LIEN BOND DECLARATION—Senior Lien Reserve Account" and APPENDIX B—"FIRST SUPPLEMENTAL SENIOR LIEN BOND DECLARATION—The 2012 A Bonds" and "—The 2012 B Bonds."

ADDITIONAL BORROWINGS FOR THE AREA

With the issuance of the 2012 Bonds, the Area will reach its Maximum Indebtedness limit and, under current law, no additional obligations that are secured by the Tax Increment Revenues may be issued except to refund outstanding obligations that are secured by the Tax Increment Revenues.

Additional Senior Lien Bonds

The 2012 Bonds are being issued as Additional Senior Lien Bonds under the Senior Lien Bond Declaration, and the City is providing a certificate of a Qualified Consultant regarding projected Maximum Tax Increment Revenues and Maximum Annual Debt Service in satisfaction the requirements of the Senior Lien Bond Declaration. See APPENDIX A, "SENIOR LIEN BOND DECLARATION—Additional Senior Lien Bonds."

Following the issuance of the 2012 Bonds, unless Oregon law changes, the City may issue Additional Senior Lien Bonds only to refund Outstanding Senior Lien Bonds without complying with the preceding requirements. The Senior Lien Bond Declaration allows the City to issue refunding Additional Senior Lien Bonds if the City satisfies the financial tests in Section 5.1 of the Senior Lien Bond Declaration or if:

1. the refunded Senior Lien Bonds are defeased on the date of delivery of the refunding Additional Senior Lien Bonds; and,

2. the Adjusted Annual Debt Service on the refunding Additional Senior Lien Bonds does not exceed the Adjusted Annual Debt Service on the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000.

See APPENDIX A, "SENIOR LIEN BOND DECLARATION—Additional Senior Lien Bonds."

Subordinate Obligations

Unless Oregon law changes, the City may issue Subordinate Obligations, but only to refund outstanding obligations that are secured by the Tax Increment Revenues, and only if the refunding obligations (1) are secured by a lien on or pledge of the Tax Increment Revenues which is subordinate to the lien on, and pledge of, the Tax Increment Revenues for the Senior Lien Bonds, and (2) are not payable from any account of the Tax Increment Fund except from Tax Increment Revenues that are available in the Subordinate Indebtedness Fund.

AMENDMENTS, DEFAULTS, AND REMEDIES

The City may amend the Senior Lien Bond Declaration for certain purposes without consent of Bond Owners, and for other purposes with the consent of Owners representing not less than 51 percent in aggregate principal amount of the Outstanding Senior Lien Bonds. The issuer of a Credit Facility which insures payment of all principal and interest due on Senior Lien Bonds may be treated as the Owner of those Senior Lien Bonds for purposes of consenting to an amendment of the Senior Lien Bond Declaration. See APPENDIX A—"SENIOR LIEN BOND DECLARATION—Amendment of Declaration" and "—Ownership of Senior Lien Bonds."

CERTAIN RISKS TO BOND OWNERS

GENERAL

In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the 2012 Bonds should carefully consider in connection with an investment in the 2012 Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any 2012 Bonds (and other considerations that may be relevant to particular investors) and does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the 2012 Bonds.

The 2012 Bonds are special, limited obligations of the City and the Commission and are not secured by the general, unrestricted funds of either the City or the Commission. The Tax Increment Revenues and other amounts pledged to pay the Senior Lien Bonds may not be sufficient to pay the 2012 Bonds.

RECEIPT OF TAX INCREMENT REVENUES

The Tax Increment Revenues are generated from the operation of the Oregon property tax system. The City or the Commission must approve budgets and notify the county assessors to collect the Divide the Taxes Revenues. The county assessors must determine the Real Market Value and Assessed Value of property, calculate and collect property taxes and transmit them to the City. Any changes in the practices of the assessors, the property tax laws, or any malfunction of the property tax system may prevent the City from receiving Tax Increment Revenues in amounts and at times sufficient to pay the 2012 Bonds. See "THE INITIATIVE PROCESS" herein.

DECLINES IN PROPERTY TAX RATES

The Divide the Taxes Revenues would be reduced if the result of multiplying the Incremental Assessed Value of property in the Area by the property tax rates imposed by taxing bodies that levy property taxes in the Area drops below $5,740,000. Divide the Taxes Revenues may be reduced below that level if (1) Oregon law changes to reduce the property tax rates that those taxing bodies are permitted to levy, (2) those taxing bodies decide to collect less property tax than Oregon law currently allows, or (3) voters do not approve the renewal of limited term property tax levies. Historically, certain voter initiatives have affected laws pertaining to the property tax system. See "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11" and "—SECTION 11B," and "THE INITIATIVE PROCESS" herein.

Reductions in property tax rates imposed by taxing bodies that levy property taxes in the Area would not reduce the Maximum Tax Increment Revenues limitation.

Projections of Tax Increment Revenues presented in this Official Statement assume that (1) taxing bodies will continue to impose permanent taxes at their maximum legal levels, and (2) property tax laws will not change. If property tax rates are reduced far enough below projected levels, Tax Increment Revenues could fall below the level required to pay the 2012 Bonds.

DECLINES IN ASSESSED VALUE OF PROPERTY IN THE AREA DUE TO MARKET FACTORS

The Divide the Taxes Revenues and the Maximum Tax Increment Revenues could be reduced by declines in the Incremental Assessed Value of property in the Area. Declines in Incremental Assessed Value could indirectly reduce the Special Levy by reducing the Maximum Tax Increment Revenues.

In Oregon, the Assessed Value of property has a complex relationship to the market value of property. Article XI, Section 11 of the Oregon Constitution established the initial Assessed Value of all property in Fiscal Year 1997-1998 at 90 percent of the property's market value in Fiscal Year 1995-1996. If property is not subject to an "Exception," its Assessed Value ordinarily cannot increase by more than three percent per year.

The county assessor determines both the market value and the Assessed Value of property. The market value, as determined by the county assessor, is called the "Real Market Value," and is the assessor's estimate of the fair market value of property. Real Market Values of many properties have increased between Fiscal Year 1995-1996 and Fiscal Year 2008-2009 at a rate that was greater than three percent, although have declined in recent years due to the economic downturn in the Portland metropolitan area.

"Exceptions" occur when a property has been substantially improved or has new construction, and when a property has been rezoned, subdivided, annexed, or ceases to qualify for a property tax exemption. If an Exception occurs, a portion of the increase in Real Market Value of the property may be added to the property's Assessed Value. The portion that is added is determined based on the ratio of Assessed Value to Real Market Value for similar properties in the area. Because Assessed Values are usually lower than Real Market Values, the increase in Assessed Value that results from Exceptions is usually less than the increase in Real Market Value that results from Exceptions.

As long as its Real Market Value grows at least three percent annually, the Assessed Value of a property will be equal to its initial Assessed Value, compounded at three percent since Fiscal Year 1995-1996, plus the Assessed Value of any Exceptions, compounded at three percent since the Assessed Values of the Exceptions were added to the tax rolls. The Assessed Values of many Oregon properties are substantially lower than their Real Market Values. This is because (1) the initial Assessed Values were usually less than the Real Market Values, (2) the Assessed Values of Exceptions are usually less than their Real Market Values, and (3) Assessed Values have usually grown at a slower rate than Real Market Values. Article XI, Section 11 of the Oregon Constitution prevents the Assessed Value of a property from exceeding its Real Market Value. Because Real Market Value is often substantially higher than Assessed Value, Assessed Value can continue to grow at three percent per year, even though Real Market Value is declining. However, if the Real Market Value of a property does fall below its Assessed Value, the Assessed Value will be reduced to the property's Real Market Value.

If the Real Market Value of a property declines enough to reduce the Assessed Value of the property and the Real Market Value of the property subsequently increases, the Assessed Value of the property may increase more rapidly than three percent until the Assessed Value reaches the "maximum assessed value" or "MAV" for the property. The MAV is generally equal to the initial Assessed Value, compounded at three percent since Fiscal Year 1995-1996, plus the Assessed Value of any Exceptions, compounded at three percent since the Assessed Value of the Exceptions was added to the tax rolls.

Under Oregon law, property tax owners may appeal property tax valuations. In general, appeals may be filed for the current tax year only, but very limited exceptions are available for appealing values for prior tax years. Real Market Value and Assessed Value may be adversely affected by successful property tax appeals.

DECLINES IN ASSESSED VALUE OF PROPERTY IN THE AREA DUE TO OTHER FACTORS

Real Market Value and Assessed Value may be adversely affected by damage or destruction of property, change in use of property, deterioration of conditions in the Area, and reduction in the size of the Area.

Real Market Value and Assessed Value also may be adversely affected if property in the Area becomes eligible for property tax exemption. The City has covenanted to limit its approval of property tax exemptions in the area, but many types of property tax exemptions are not subject to city control or approval, such as exemptions for property that is owned or used by non-profits or state or local governments.

MEASURE 5 COMPRESSION

Tax Increment Revenues are subject to the limits of Article XI, Section 11B of the Oregon Constitution ("Measure 5"). Measure 5 limits the total amount of ad valorem property taxes and certain other property charges for general governmental purposes to $10/$1,000 of real market value. Collections that exceed that limit are reduced, or "compressed" so that total taxes do not exceed the limit.

Measure 5 compression reduced the Divide the Taxes Revenues collected in Fiscal Year 2011-12 by approximately 10.4 percent and the Special Levy by approximately 4.9 percent. See "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—OTHER FACTORS AFFECTING TAX COLLECTIONS." If governments impose new taxes that are subject to the $10/$1,000 limit, those new taxes may increase the amount of compression of the Divide the Taxes Revenues and the Special Levy and reduce the Tax Increment Revenues that the City collects. See also "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B" herein.

THE OREGON CONVENTION CENTER URBAN RENEWAL AREA

DESCRIPTION AND PURPOSE

The Oregon Convention Center Urban Renewal Area was formed in 1989. Work in the Area is managed by the Portland Development Commission. See "THE PORTLAND DEVELOPMENT COMMISSION" in Appendix H. It originally covered the Lloyd District neighborhood located in the southern portion of the Area and consisted of 509 acres. The Plan was amended to extend northward to include the Martin Luther King ("MLK"), Jr. Boulevard corridor, and increased by 86 acres to a total of 595 acres. The boundary was again amended in August 2011 to remove approximately 185 acres north of Broadway/Schuyler. This acreage was subsequently added to the Interstate Corridor urban renewal area. The Area currently consists of 410 acres.

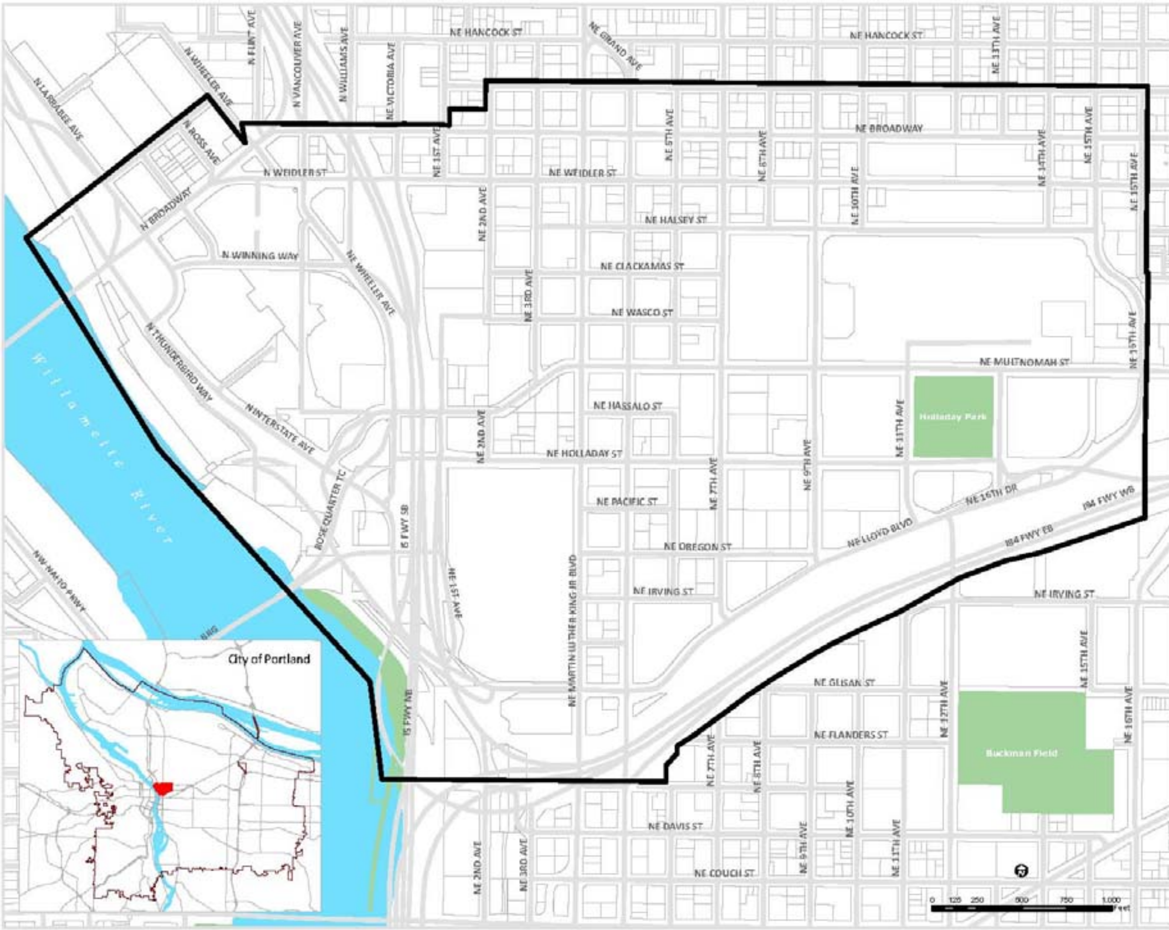
AMENDMENT TO REDUCE THE BOUNDARIES AND ASSESSED VALUE OF THE AREA

On June 8, 2011, the PDC Board took action to amend the boundaries of the Area to remove property being transferred to the Interstate Corridor Urban Renewal Area. The Plan amendment for the Area became effective on August 27, 2011. The Assessed Value of the Area is anticipated to be reduced beginning in FY 2012-13. Estimates of the FY 2012-13 amended Frozen Base and Incremental Assessed Value are $224 million and $787 million, respectively. Projections in the section titled "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—HISTORICAL AND PROJECTED TRENDS IN REAL MARKET VALUES AND ASSESSED VALUES—Projections of Future Assessed Value for the Area" and "—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE" assume that the reduction in the Area will occur based on these estimates.

The amendment is consistent with the City's covenants in the Senior Lien Bond Declaration to only reduce the Area if the Area, after the reduction, is reasonably projected to have Maximum Tax Increment Revenues which are at least equal to one hundred thirty percent of the Maximum Annual Debt Service on all then Outstanding Bonds, including the proposed 2012 Bonds. The City and the Commission cannot reduce the size of the Area unless the requirements of the Senior Lien Bond Declaration are met, as described herein. See "SECURITY FOR THE 2012 BONDS—OTHER COVENANTS" herein.

The Maximum Annual Debt Service as of the Closing Date of the 2012 Bonds is estimated at $16,960,658. The projected Maximum Tax Increment Revenues for the Area after the amendment are $25,414,962 in FY 2012-13, which represents 150 percent of Adjusted Maximum Annual Debt Service. The amendment will not decrease the fixed amount of Divide the Taxes Revenues that the City can collect in the Area, but will reduce the amount of Special Levy that can be collected within the Maximum Tax Increment Revenue limit. The amount of Special Levy targeted to be certified in FY 2012-13 is $5,653,253. The projected maximum amount of the Special Levy that could be collected in that Fiscal Year is approximately $19,674,962, which is above the targeted level. See "AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS—HISTORICAL AND PROJECTED TRENDS IN REAL MARKET VALUES AND ASSESSED VALUES—Projections of Future Assessed Value for the Area" and "—HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE." The map on the following page shows the amended boundaries of the Area.

Oregon Convention Center Urban Renewal Area



HISTORIC COMMISSION INVESTMENT IN THE AREA

The table below shows the categories of projects in which the Commission has invested over the past decade. Investment in the Lloyd District neighborhood has been focused on projects and programs that encourage the emergence of the Area as a hub of the State's tourism, convention, and entertainment industry and as a livable, 24-hour component of the downtown core. Objectives for the MLK, Jr. Boulevard corridor are to acquire and assemble large sites at key intersections for commercial development; to make transportation improvements, including rebuilding streets and sidewalks, restoring on-street parking, reconstructing the median, and installing signage; and to develop mixed use housing projects.

Table 3
OREGON CONVENTION CENTER URBAN RENEWAL AREA
Project Expenditures by Category (1)
FY 2001-02 through FY 2010-11

Project Category	Amount
Infrastructure	$23,203,096
Property Redevelopment	49,064,309
Housing	21,561,954
Business and Industry	8,390,549
Transfers (Indirect) (2)	22,983,503
Administration	429,289
TOTAL	$125,632,700

Notes:

(1) Includes all funding sources, including sources other than bond proceeds.
(2) Includes administrative personnel services and overhead.

Source: Portland Development Commission

Infrastructure. The Commission's investments in public infrastructure from FY 2001-02 through FY 2010-11 total $23.2 million. Expenditures have focused on projects to improve transportation and pedestrian connections. The majority of the Commission's resources have been spent on a portion of the Portland Streetcar Loop that extends the Portland Streetcar from the Pearl District to the Central Eastside terminating at the Oregon Museum of Science and Industry. Investments also include the Eastbank Riverfront Park (also known as the Eastbank Esplanade), which extends along the Willamette River between the Steel Bridge and the Central Eastside urban renewal area, and way-finding signage throughout the Lloyd District neighborhood to improve pedestrian routes. Additionally, Metro, in partnership with PDC, constructed a new open-air event and exhibition plaza that serves as an extension of the Oregon Convention Center.

Property Redevelopment. The majority of investment dollars in the Area has been focused on redevelopment of the Lloyd District and in key intersections along MLK, Jr. Boulevard. A total of $49.1 million has been spent between FY 2001-02 and FY 2010-11. These investments include:

- Redevelopment of the area between N.E. Alberta and N.E. Killingworth Street, including development of the Vanport Square commercial and office center;
- Redevelopment of the area around N.E. Fremont Street and MLK, Jr. Boulevard including the Heritage Building commercial development;
- Investment in key properties adjacent to the Oregon Convention Center for future redevelopment related to a potential convention center hotel or other commercial use; and
- Commercial property redevelopment loans and grants totaling about $3 million, mostly along MLK, Jr. Boulevard for storefront improvements, commercial property redevelopment loans and development opportunity services grants.

Housing. The Commission's investment in housing projects in urban renewal areas is guided by City policy. On October 25, 2006, the City Council adopted Ordinance No. 180547, which instituted a City policy to allocate tax increment financing resources for the development, preservation and rehabilitation of housing affordable to households with incomes below 80 percent of median family income ("MFI"). In April 2007, this ordinance was amended by Ordinance No. 180889 to allow funds to be used for homeownership for households with incomes up to 100 percent MFI under certain conditions.

Ordinance No. 180889 incorporated an Implementation Plan and Income Guidelines and provided that a minimum of 26 percent of total materials and services, capital outlay, and financial assistance dollars be spent in the Area on affordable housing after July 1, 2006, through the life of the Area. Through FY 2010-11, actual spending was 25 percent of this total. The Implementation Plan noted that the policy would be considered as part of the annual Commission budgeting process during which the Commission would identify a five-year housing expenditure target and allow budgeted funds to be carried forward to future budget years in the event they are not spent in a particular budget year.

On November 16, 2011, City Council adopted Ordinance No. 185007, which instituted a revised policy for tax increment financing resources for the development, preservation and rehabilitation of housing. The revised policy reaffirmed existing policies while updating calculation methodology to be based on 26 percent of total tax increment resources as opposed to 26 percent of total materials and services, capital outlay, and financial assistance dollars. The revised policy took into account historical progress in meeting 26 percent goals while also taking into account the new implementation structure that includes a separate housing bureau apart from PDC.

All affordable housing projects are implemented by the City's Portland Housing Bureau (the "Housing Bureau") using funding secured by tax increment revenues provided through the Housing Set Aside Policy and an annual intergovernmental agreement between the Commission and the Housing Bureau.

Recent projects funded by the Commission include Miracles Club, a $2.9 million investment that includes 30-40 units of affordable rental housing with MFI targets of 0-30%. Other housing projects completed with funds provided by the Commission include Kings Parks Affordable Housing and Madrona Studios which funded the development of 176 units of affordable housing with MFI targets of 0-50%.

Business and Industry. The PDC has invested $8.3 million over the past ten years in business finance loans and grants, mostly along the MLK, Jr. Boulevard corridor.

PLANNED COMMISSION ACTIVITY

The Commission's Five-Year Budget and Financial Plan contains plans for Commission development projects in the Area. The Commission's planned investments in the Area for all revenue sources are shown in the table below.

Table 4
OREGON CONVENTION CENTER URBAN RENEWAL AREA
Planned Expenditures – All Funding Sources (1)
FY 2011-12 through FY 2015-16

Project Category	FY 2011-12 Revised	FY 2012-13 Requested	FY 2013-14 Requested	FY 2014-15 Requested	FY 2015-16 Requested	Total
Infrastructure	$84,277	$152,252	$0	$0	$0	$236,529
Property Redevelopment	24,468,759	5,918,383	1,454,132	1,426,402	1,034,202	34,301,878
Housing	2,540,418	9,335,071	462,163	0	0	12,337,652
Business Development	731,370	688,166	600,000	600,000	600,000	3,219,536
Transfers (Indirect)	2,873,053	2,449,140	346,302	279,676	226,337	6,174,508
Administration (2)	157,347	75,415	30,044	30,044	30,044	322,894
Total	$30,855,224	$18,618,427	$2,892,641	$2,336,122	$1,890,583	$56,592,997

Notes:

(1) Includes all funding sources, including sources other than bond proceeds.
(2) Amounts include urban renewal area-specific administrative requirements.

Source: Portland Development Commission

Infrastructure. Approximately $236,000 is expected to be spent on infrastructure through FY 2012-13, including funding for the Holladay Green Street Master Plan.

Property Redevelopment. PDC is expected to invest $34.3 million in property redevelopment activities between FY 2011-12 and FY 2015-16 to support revitalization of the Rose Quarter and Lloyd District. Specific investments are expected to include the following:

- Rose Quarter Development. The City and PDC staff are working closely with representatives of the Portland Winterhawks hockey team, the veterans community, Portland Arena Management, and AEG Facilities (facilities manager of Rose Quarter venues) on the conceptual design of the renovated Veteran's Memorial Coliseum. Discussions are currently focused on necessary capital and code mandated improvements and arena improvements needed to support the Portland Winterhawks and enhance venue programming. Approximately $23 million is currently allocated for this project.

- Convention Center Hotel. Property redevelopment includes an allocation of $4 million in FY 2012-13 for potential development on blocks currently owned by the PDC.

- Eco District. Budgeted at $3.6 million, Eco District is a public/private partnership to identify and implement district-wide solutions for energy, carbon use, water, and urban design. This project provides funding assistance to the Portland Oregon Sustainability Institute.

Housing. Through an intergovernmental agreement, PDC expects to invest $12.3 million on affordable housing activities between FY 2011-12 and FY 2013-14. The Commission's housing budget and plan over the next five years anticipates expenditures that will meet the 26 percent City policy target.

Business Development. Approximately $3.2 million is anticipated to be spent through FY 2015-16 on various business development activities. The majority of this amount is allocated to PDC's Business Incentive Fund ("BIF"). The BIF program supports PDC's Economic Development Strategy by promoting target industry clusters (i.e. Clean Technology, Athletic and Outdoor), high growth businesses and neighborhood economic development.

AREA PROPERTY VALUES, TAX INCREMENT REVENUES, AND INDEBTEDNESS

OREGON'S PROPERTY TAX SYSTEM AND ASSESSED VALUES

In Oregon, the assessor's estimate of a property's market value is called "Real Market Value." In conformance with Measure 5 (see "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B" below), properties also are assigned a "Measure 5 Market Value", which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property. A property's maximum assessed value ("MAV") is the taxable value limit established for each property. The first MAV for each property was set in the 1997-98 tax year. For that year, the MAV was the property's 1995-96 RMV minus 10 percent. MAV can increase (1) to provide for the three percent annual increase allowed by Article XI, Section 11 of the Oregon Constitution ("Section 11"), or (2) to assign value based on specific property events known as "Exceptions." For tax years after 1997-98, MAV is defined as the greater of the prior year's MAV or the prior year's assessed value increased by up to three percent. Properties are assessed at the "Assessed Value" or "AV." Section 11 limits annual increases in Assessed Value, as defined in "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11" herein, to the lesser of MAV or the estimated Real Market Value of the property for fiscal years after 1997-98. See "CERTAIN RISKS TO BOND OWNERS—DECLINES IN ASSESSED VALUE OF PROPERTY IN THE AREA DUE TO MARKET FACTORS."

HISTORICAL AND PROJECTED TRENDS IN MEASURE 5 MARKET VALUES AND ASSESSED VALUES

The table below presents a five-year history of "Measure 5 Market Value," which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property, and Assessed Value in the Area. The reduction in Assessed Value in FY 2009-10 largely reflects the reassessment of properties related to the Portland Trailblazers, including the Oregon Arena Corporation, which resulted in a loss of $74.4 million of Assessed Value relative to FY 2008-09.

Table 5
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
HISTORICAL TRENDS IN MEASURE 5 MARKET AND ASSESSED VALUES
BY PROPERTY TYPE
(FY 2007-08 through FY 2011-12)

	MEASURE 5 MARKET VALUE				
Property Type	2007-08	2008-09	2009-10	2010-11	2011-12
Real	$1,629,955,490	$1,727,364,450	$1,651,803,620	$1,562,831,490	$1,518,755,110
Personal	110,952,080	117,197,778	108,376,396	101,080,283	108,448,169
Utility	146,037,299	163,695,083	196,517,470	196,830,310	199,506,010
Total	$1,886,944,869	$2,008,257,311	$1,956,697,486	$1,860,742,083	$1,826,709,289
% Change	15.9%	6.4%	-2.6%	-4.9%	-1.8%

	ASSESSED VALUE				
Property Type	2007-08	2008-09	2009-10	2010-11	2011-12
Real	$744,554,520	$792,582,090	$748,879,820	$774,601,910	$794,434,960
Personal	110,952,073	117,197,778	108,376,395	101,080,279	108,448,122
Utility	145,122,980	163,509,130	196,380,110	196,216,790	198,714,290
Total	$1,000,629,573	$1,073,288,998	$1,053,636,325	$1,071,898,979	$1,101,597,372
% Change	2.7%	7.3%	-1.8%	1.7%	2.8%
Incremental AV	$751,940,292	$824,599,717	$804,685,182	$822,947,836	$852,646,229
% Change	3.6%	9.7%	-2.4%	2.3%	3.6%

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

The table below shows Assessed Value ("AV"), Maximum Tax Increment Revenues and Tax Increment Revenues from FY 2002-03 through FY 2011-12.

Table 6
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
ASSESSED VALUE GROWTH, MTIR, AND TAX INCREMENT REVENUES

	ASSESSED VALUE						
Fiscal Year	Total	Frozen Base	Incremental AV	% Change Incremental AV	Maximum Tax Increment Revenues	Tax Increment Revenues To Raise (4)	Tax Increment As % of MTIR
2002-03	$882,053,132	$247,728,838	$634,324,294	5.77%	$20,484,275	$7,040,000	34.4%
2003-04	917,181,943	247,728,838	669,453,105	5.54%	21,618,692	7,200,000	33.3%
2004-05	916,593,936	247,728,838	668,865,098	-0.09%	21,599,703	7,303,713	33.8%
2005-06 (1)	949,987,955	248,214,131	701,773,824	4.92%	22,662,427	7,461,029	32.9%
2006-07 (1)	974,644,472	248,689,281	725,955,191	3.45%	23,443,317	7,738,154	33.0%
2007-08	1,000,629,573	248,689,281	751,940,292	3.58%	24,282,456	7,674,621	31.6%
2008-09 (2)	1,073,288,998	248,689,281	824,599,717	9.66%	26,628,851	11,921,160	44.8%
2009-10 (3)	1,053,636,325	248,951,143	804,685,182	-2.42%	25,985,750	11,616,503	44.7%
2010-11	1,071,898,979	248,951,143	822,947,836	2.27%	26,575,507	11,411,637	42.9%
2011-12	1,101,597,372	248,951,143	852,646,229	3.61%	27,534,559	11,348,713	41.2%

Notes:

(1) The Area Frozen Base was adjusted due to impact of Plan amendment.

(2) Increase in Tax Increment Revenues to Raise is due, in part, to increase in Area debt service requirements.

(3) In FY 2009-10, the Area Frozen Base was adjusted to reflect amendments to the Plan. The reduction in Incremental Assessed Value largely reflects the reassessment of properties related to the Portland Trailblazers, including the Oregon Arena Corporation, which resulted in a loss of $74.4 million of Assessed Value relative to FY 2008-09.

(4) Amount shown is before Measure 5 compression and other adjustments by the county assessor, and reflects policy decisions on collections of Tax Increment Revenues.

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

Property Types and Values

The following table presents a five year history of Changed Property Ratios for Multnomah County for various property classifications. For new construction or changed property, the Assessed Value is determined by multiplying the Changed Property Ratios by the Real Market Value of the property. The reduction in the changed property ratio for industrial property in FY 2008-09 reflects the county's reclassification of certain properties from commercial to industrial use.

Table 7
CITY OF PORTLAND, OREGON
History of Changed Property Ratios by Property Type
(Multnomah County)

Fiscal Year Ending June 30	2007-08	2008-09	2009-10	2010-11	2011-12
Residential	0.5159	0.5046	0.5515	0.6040	0.6931
Commercial	0.4660	0.4345	0.4425	0.4549	0.4883
Industrial	1.0000	0.7649	0.7754	0.8750	0.8376
Multi-Family	0.5639	0.5500	0.5461	0.5420	0.5644
Recreational	0.5841	0.6223	0.6381	0.6565	0.7087
Miscellaneous	0.7221	0.7455	0.6961	0.6863	0.6724
Personal Property	1.0000	1.0000	1.0000	1.0000	1.0000

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

The following table shows Assessed Value, Measure 5 Market Value, including farm and forestland and exempt property, and Assessed/Measure 5 Value Property Ratios for types of property in the Area. Note that for purposes of collecting Divide the Taxes Revenues and the Special Levy, property taxes are levied on all property types shown in the table.

Table 8
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
ASSESSED AND MEASURE 5 MARKET VALUE BY PROPERTY TYPE
(FY 2011-12)

Property Class	Assessed Value	Percent of Total	Measure 5 Market Value	AV/Measure 5 Value Ratio
Real Property				
Residential	35,367,190	3.2%	61,200,780	57.8%
Commercial	705,341,760	64.0%	1,346,777,480	52.4%
Industrial	16,060,520	1.5%	28,728,760	55.9%
Multi-Family	36,689,340	3.3%	79,022,200	46.4%
Miscellaneous	894,760	0.1%	2,864,880	31.2%
Subtotal	794,353,570	72.1%	1,518,594,100	
Personal Property	108,448,122	9.8%	108,448,169	100.0%
Manufactured Structures	81,390	0.0%	161,010	50.5%
Utilities (1)	198,714,290	18.0%	199,506,010	99.6%
Total	$1,101,597,372	100.0%	$1,826,709,289	

Notes:

(1) Approximately $188 million of Utilities Assessed and Real Market Value is attributable to PacifiCorp, which is headquartered in the Area.

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

The following table shows the Assessed Value and Real Market Value ratios by ratio category for all property types in the Area. Properties with low AV/RMV ratios have substantial room to grow at the three percent limit established by the Oregon Constitution. Approximately 49 percent of properties have AV/RMV ratios below 70 percent as of FY 2011-12.

Table 9
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
ASSESSED TO REAL MARKET VALUE RATIOS
(FY 2011-12)

AV/RMV Ratio	Assessed Value	Percent of Total	Cumulative Percent of Total
Under 30%	$37,864,970	3.4%	3.4%
30 - 39%	118,377,320	10.7%	14.2%
40 - 49%	179,241,690	16.3%	30.5%
50 - 59%	168,628,540	15.3%	45.8%
60 - 69%	35,080,890	3.2%	48.9%
70 - 79%	48,716,280	4.4%	53.4%
80 - 89%	48,686,240	4.4%	57.8%
90 - 99%	68,941,790	6.3%	64.0%
100% (1)	396,059,652	36.0%	100.0%
TOTAL	$1,101,597,372	100.0%	

Notes:

(1) Real property related to the Oregon Arena Corporation makes up approximately 14 percent of the Assessed Value in this ratio category.

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

Principal Area Taxpayers

The ten largest property taxpayers in the Area for FY 2011-12 are listed in the following table.

Table 10
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
TOP TEN PROPERTY TAXPAYERS

Company Name	Type of Business/Use	2011-12 Assessed Value	Percent of Total Assessed Value
Total Oregon Convention Center Area		$1,101,597,372	
PacifiCorp (PP&L)	Energy	188,096,000	17.1%
LC Portland LLC	Retail	173,395,750	15.7%
AAT Lloyd District LLC	Office condominium	64,633,030	5.9%
Oregon Arena Corporation	Entertainment	55,387,840	5.0%
600 Holladay Limited Partnership	Real estate (office)	50,463,221	4.6%
Red Lion Inns Lloyd Center LLC	Hospitality	45,218,059	4.1%
Kaiser Foundation Health Plan NW	Health facility	32,755,960	3.0%
GPT Portland OR 1201 Lloyd Associates	Real estate (office)	26,651,800	2.4%
Lloyd Place LP	Apartment building	19,002,760	1.7%
Nordstrom Inc	Retail	16,750,493	1.5%
		$672,354,913	61.0%

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

City Assessed Property Values and Property Taxation

The Senior Lien Bonds, including the 2012 Bonds, are secured, in part, by a citywide Special Levy authorized for the Area. The following table presents historical trends in property Assessed Values in the City. The City's Assessed Value is derived from portions of Multnomah County, Washington County, and Clackamas County; however, over 99 percent of its Assessed Value is within Multnomah County.

Table 11
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values (1)
(000s)

ASSESSED VALUE

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed Value	Percent Change
2002-03	$32,412,271	$158,690	$3,557,116	$36,128,077	2.83%
2003-04	33,166,845	160,207	3,981,438	37,136,519	2.79%
2004-05	34,214,710	179,226	4,093,296	38,487,232	3.64%
2005-06	35,285,419	186,755	4,484,614	39,956,788	3.82%
2006-07	38,638,637	197,885	4,965,439	41,801,961	4.62%
2007-08	38,253,186	201,380	5,740,426	44,194,992	5.72%
2008-09	39,784,128	203,038	6,377,050	46,364,216	4.91%
2009-10	41,109,227	211,157	7,056,631	48,377,015	4.34%
2010-11	42,160,414	214,998	7,462,728	49,838,140	3.02%
2011-12	43,543,881	215,497	7,493,903	51,253,281	2.84%

Market Value (Measure 5) (2)

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Total Market Value	Percent Change
2002-03	$52,455,529	$207,172	$52,662,701	4.58%
2003-04	55,265,828	226,555	55,492,383	5.37%
2004-05	58,600,225	250,013	58,850,238	6.05%
2005-06	65,033,250	275,930	65,309,180	10.98%
2006-07	72,566,725	336,963	72,903,688	11.63%
2007-08	83,935,421	355,558	84,290,979	15.62%
2008-09	90,002,463	355,981	90,358,444	7.20%
2009-10	88,691,826	330,284	89,022,110	-1.48%
2010-11	86,062,318	312,362	86,374,680	-2.97%
2011-12	80,872,627	290,808	81,163,435	-6.03%

Notes:

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

(2) Measure 5 Market Values are not calculated separately for urban renewal incremental value by the county assessor. Market Value reported in this table is "Measure 5 Value," which represents the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full real market value. In 2011-12, the Measure 5 Market Value of City of Portland properties within Multnomah County represented about 82 percent of full real market value.

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

Major City Taxpayers

The following table lists the largest taxpayer accounts within the City for FY 2011-12.

Table 12
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts

Taxpayer Account	Type of Business	FY 2011-12 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		$51,253,281,336	100.00%
PacifiCorp (PP&L)	Energy	314,006,000	0.61%
Portland General Electric	Energy	288,093,351	0.56%
Weston Investment Co. LLC	Real estate (office)	233,362,410	0.46%
Qwest Corporation	Communications	217,679,900	0.42%
Comcast Corporation	Communications	198,036,300	0.39%
LC Portland LLC	Real estate (retail)	173,395,750	0.34%
Evraz Inc. NA	Steel plate manufacturing	166,298,921	0.32%
Alaska Airlines Inc.	Airline	148,875,000	0.29%
Northwest Natural Gas Co.	Energy	135,428,790	0.26%
AT&T	Communications	134,105,500	0.26%
Total		$2,009,281,922	3.92%

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

Projections of Future Assessed Value for the Area

As described earlier, the Commission has approved a Plan amendment that is expected to remove approximately $104.4 million of Assessed Value (FY 2010-11 values). The reduction of Assessed Value due to the amendment is expected to occur in FY 2012-13. The projected value to be removed from the Area includes $102,449,569 of real and personal property identified in databases maintained by the Multnomah County Division of Assessment, Recording and Taxation. It also includes $1,939,648 of utility property, which is estimated based on the FY 2010-11 utility property Assessed Value as a percentage of total Assessed Value in the Area and discussions with PacifiCorp, the Area's largest property taxpayer, about property moving from the Area. See "THE OREGON CONVENTION CENTER URBAN RENEWAL AREA—AMENDMENT TO REDUCE THE BOUNDARIES AND ASSESSED VALUE OF THE AREA" herein. Projections assume that the value of property removed from the Area will be split between the Frozen Base and Incremental Assessed Value in proportion to FY 2010-11 amounts, which will result in an projected reduction of Incremental Assessed Value of 7.7 percent in FY 2012-13 from the prior year's estimated value as shown in the table below. The removal of property from the Area also reduces the Maximum Tax Increment Revenues for the Area by an equal percentage.

While the impact of the amendment will not be known until FY 2012-13, these planned reductions are not expected to affect the City's fixed amount of annual Divide the Taxes Revenues or its targeted Special Levy collections. The City has calculated that the Area's Incremental Assessed Value could be reduced by up to an additional 12.2 percent in FY 2012-13 and still result in Maximum Tax Increment Revenues of 130 percent of the Adjusted Maximum Annual Debt Service on all of the Area's Outstanding Senior Lien Bonds, including the proposed 2012 Bonds. See "SECURITY FOR THE 2012 BONDS—OTHER COVENANTS—Reduction in Area."

Except for reductions caused by amending the Area's boundaries described above, the City has projected the Assessed Value of the Area to grow at an annual rate of between 1.8 and 1.9 percent over the next five years. This projection is based on a conservative estimate of growth that reflects historic trends in property values of the Area, the recent economic slowdown, and limited new development activity. The forecast assumes declines in Real Market Values of five percent and two percent in FY 2012-13 and FY 2013-14, respectively, and stable Real Market Values thereafter. Assessed Value is assumed to grow at three percent annually unless it exceeds Real Market Value, at which point Assessed Value is projected to grow at the lesser of three percent or the rate of growth in Real Market Value. See "FORWARD LOOKING STATEMENTS" herein.

While no other adjustments to Area boundaries are included in the forecast, the City and the Commission may act to further reduce the size of the Area in future years. However, the City and the Commission cannot reduce the size of the Area unless the requirements of the Senior Lien Bond Declaration are met, as described herein. See “SECURITY FOR THE 2012 BONDS—OTHER COVENANTS” herein.

Table 13
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
PROJECTED ASSESSED, INCREMENTAL ASSESSED VALUES, AND MAXIMUM TAX INCREMENT REVENUES
(FY 2012-13 through FY 2016-17)

	ASSESSED VALUE				
	2012-13 (1)	2013-14	2014-15	2015-16	2016-17
Total AV	$1,011,716,441	$1,029,522,650	$1,047,745,201	$1,067,652,360	$1,087,937,755
% Change Total AV	-8.2%	1.8%	1.8%	1.9%	1.9%
Frozen Base	224,706,494	224,706,494	224,706,494	224,706,494	224,706,494
Incremental AV	787,009,947	804,816,156	823,038,707	842,945,866	863,231,261
% Change Incremental AV	-7.7%	2.3%	2.3%	2.4%	2.4%
Maximum Tax Increment Revenues	$25,414,962	$25,989,979	$26,578,441	$27,221,305	$27,876,382

Notes:

(1) Reflects reduction in Area expected to become effective in Fiscal Year 2012-13.

Source: City of Portland, Oregon.

OTHER FACTORS AFFECTING TAX COLLECTIONS

Property Tax Rates

As discussed previously, the City and the Commission elected to limit the Divide the Taxes Revenues for the Area to $5,740,000 each Fiscal Year. The Divide the Taxes Revenues are calculated by multiplying the Incremental Assessed Value of the Area by the consolidated billing tax rate, which is the sum of the tax rates of taxing districts that overlap the Area excluding the urban renewal special levy. Incremental Assessed Value not required to produce an amount equal to $5,740,000 when the consolidated billing tax rate is multiplied by the Incremental Assessed Value is released to the overlapping taxing districts, thereby shifting tax dollars raised from the Incremental Assessed Value of the Area to the overlapping taxing districts. Released amounts of Incremental Assessed Value may vary from year to year depending on the Incremental Assessed Value for each year and the amount of Incremental Assessed Value needed to produce the Divide the Taxes Revenues.

The following tables show the consolidated billing tax rate for the past five years, and the breakdown of tax rates attributable to each underlying taxing entity for FY 2011-12.

Table 14
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
CONSOLIDATED TAX RATE (1)

Fiscal Year	Consolidated Billing Tax Rate
2007-08	$21.4667
2008-09 (2)	20.9113
2009-10	21.5375
2010-11	21.4806
2011-12	21.9959

Notes:

(1) Rate per $1,000 of Assessed Value.

(2) Consolidated billing tax rate was lower due in part to expiration of City's Children's local option levy and Parks local option levies, which were $0.7926 per $1,000 of Assessed Value in total.

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

Table 15
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
CONSOLIDATED TAX RATE: FY 2011-12

Taxing District	Permanent Tax Rate Per $1,000 A.V.	Local Option And Other Tax Rates (1) Per $1,000 A.V.	General Obligation Debt Tax Rate Per $1,000 A.V.	Total Tax Rate Per $1,000 A.V.
CITY OF PORTLAND	$4.5770	$2.8708	$0.2402	$7.6880
Multnomah County	4.3434	0.9400	0.1569	5.4403
Metro	0.0966	-	0.2188	0.3154
Port of Portland	0.0701	-	-	0.0701
Tri-County Metropolitan Trans. Dist.	-	-	0.0583	0.0583
East Multnomah Soil & Conservation	0.1000	-	-	0.1000
Subtotal - General Government	$9.1871	$3.8108	$0.6742	$13.6721
Portland School District	$5.2781	$1.9900	$0.0000	$7.2681
Portland Community College	0.2828	-	0.3153	0.5981
Multnomah Co. Education Svc. Dist.	0.4576	-	-	0.4576
Subtotal - Schools	$6.0185	$1.9900	$0.3153	$8.3238
Totals	$15.2056	$5.8008	$0.9895	$21.9959

Notes:

(1) Includes the City Fire and Police Disability and Retirement pension levy, the City children's local option levy, the Multnomah County local option library levy and historical society levy, and the Portland Public Schools local option levy. Does not include impact of urban renewal division of tax rates. Does not include urban renewal special levy.

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

Projected Consolidated Tax Rate

Projections of the consolidated tax rate over the next five years are shown in the table below. The projections assume that the County's local option library levy and the Portland Public Schools local option levy are renewed, and that the City's Children's local option levy and the County's Historical Society local option levy are not renewed.

Table 16
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
PROJECTED CONSOLIDATED TAX RATE (1)

Fiscal Year	Consolidated Billing Tax Rate
2012-13	$22.1145
2013-14	22.2129
2014-15	21.7462
2015-16	21.6786
2016-17	21.6586

Notes:

(1) Rate per $1,000 of Assessed Value.

Source: City of Portland.

OTHER FACTORS AFFECTING DIVIDE THE TAXES REVENUES

Tax Increment Revenue Reductions Due to Measure 5 Compression

Tax Increment Revenues may be reduced by Measure 5 compression effects. In FY 2011-12, Measure 5's $10/$1,000 of Market Value tax limitation was the primary factor in reducing the projected Divide the Taxes property tax collections in the Area to $5,141,484 from the authorized amount of $5,740,000, or by about 10.4 percent.

Special Levy collections also may be reduced by compression and delinquencies and discounts. The City or Commission are authorized to request a Special Levy in an amount sufficient to eliminate compression, but in no circumstance in an amount such that the sum of the Divide the Taxes Revenues and the Special Levy exceeds the Maximum Tax Increment Revenues. If the City and the Commission chose to impose the Special Levy to receive the Maximum Tax Increment Revenues, levies of other general governments would be subject to further compression so that the total general government levy fell within the $10/$1,000 cap.

The table below shows recent property tax losses for the Area due to compression.

Table 17
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
PROPERTY TAX LEVY LOSSES DUE TO MEASURE 5 COMPRESSION (1)

Fiscal Year	Divide the Taxes to Be Raised	Special Levy to Be Raised	Total Tax Increment Revenues To Raise	Divide the Taxes Imposed (2)	Special Levy Imposed (2)	Loss due to Measure 5 Compression (3)	Total Tax Increment Revenues Imposed (2)
2002-03	$5,740,000	$1,300,000	$7,040,000	$5,439,518	$1,254,618	($345,864)	$6,694,136
2003-04	5,740,000	1,460,000	7,200,000	5,303,720	1,400,413	(495,866)	6,704,134
2004-05	5,740,000	1,563,713	7,303,713	5,347,607	1,506,489	(449,617)	6,854,096
2005-06	5,740,000	1,721,029	7,461,029	5,441,411	1,668,332	(351,286)	7,109,743
2006-07	5,740,000	1,998,154	7,738,154	5,474,751	1,942,959	(320,444)	7,417,710
2007-08	5,740,000	1,934,621	7,674,621	5,438,542	1,882,450	(353,629)	7,320,992
2008-09 (4)	5,740,000	6,181,160	11,921,160	5,454,893	5,996,839	(469,428)	11,451,732
2009-10	5,740,000	5,876,503	11,616,503	5,419,089	5,689,843	(507,571)	11,108,932
2010-11	5,740,000	5,671,637	11,411,637	5,346,748	5,463,343	(601,546)	10,810,091
2011-12	5,740,000	5,608,713	11,348,713	5,141,484	5,332,205	(875,024)	10,473,689

Notes:

(1) Taxes to be raised are before Measure 5 compression; taxes imposed are after Measure 5 compression. Also includes miscellaneous adjustments by county assessor.
(2) Before losses due to delinquencies and discounts.
(3) Growing compression losses beginning in FY 2009-10 are due to higher tax rates and declining Measure 5 Market Values. See “PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B.”
(4) Increase in Special Levy reflects increase in Area debt service requirements.

Source: Multnomah County Division of Assessment, Recording and Taxation; Washington County Department of Assessment and Taxation; Clackamas County Department of Assessment and Taxation; City of Portland.

Tax Increment Revenue Reductions Due to Delinquencies and Discounts

Property tax collections are also reduced by delinquencies and discounts. The following table shows property tax collections over the past ten fiscal years. In recent years, taxes collected in the year in which they were levied have generally exceeded 95 percent. Note that, under current State law, tax collections at the county level are pooled and each taxing jurisdiction (including urban renewal areas) receives a *pro rata* distribution of county-wide collections. This practice has the effect of spreading delinquent payments county-wide.

Table 18
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Collected Yr. of Levy (3)	Collected as of 4/1/2012 (3) (4)
2002-03	$283,978	96.57%	99.98%
2003-04	324,709	96.92%	99.98%
2004-05	332,887	97.11%	99.98%
2005-06	346,053	97.20%	99.99%
2006-07	363,073	97.29%	99.97%
2007-08	394,491	97.07%	99.94%
2008-09	397,822	96.43%	99.56%
2009-10	436,332	96.85%	98.78%
2010-11	445,321	97.22%	98.19%
2011-12	443,510	92.79% (4)	92.79%

Notes:

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

(2) Includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Measure 5 compression.

(3) Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy; discounts associated with the 2011-12 tax levy represented about 2.5% of that year's levy.

(4) Partial year collections.

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

HISTORICAL AND PROJECTED TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND DEBT SERVICE

Tax Increment Revenues, Maximum Tax Increment Revenues, and Annual Debt Service

Historical collections of Tax Increment Revenues, Maximum Tax Increment Revenues, and Annual Debt Service for Prior Lien Bonds are shown in the following table. The Prior Lien Bonds include the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A and B, which were refunded with the Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bond, 2011 Series A (Federally Taxable) and the Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2011 Series B (Tax Exempt). Prior to FY 2011-12, there was no debt service due on Senior Lien Bonds. In future annual disclosure filings, the City will report annual debt service for Senior Lien Bonds.

Table 19
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
HISTORICAL TAX INCREMENT REVENUES AND MAXIMUM TAX INCREMENT REVENUES BY FISCAL YEAR
(Budgetary Basis)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tax Increment Revenues					
Tax Collections (Current Year)	$7,056,809	$6,932,573	$10,731,901	$10,491,314	$10,208,044
Tax Collections (Prior Years)	165,716	153,608	167,011	260,940	249,618
Investment Earnings	119,553	85,604	105,816	58,903	39,656
TOTAL	$7,342,078	$7,171,785	$11,004,728	$10,811,157	$10,497,318
Maximum Tax Increment Revenues	$23,443,318	$24,282,456	$26,628,851	$25,985,750	$26,575,507
Debt Service					
Prior and Senior Lien Bonds (1)	$3,103,400	$3,103,400	$5,878,400	$5,876,663	$5,878,163

Notes:

(1) Excludes debt service payments for subordinate indebtedness such as "du jour bonds" and interim financing.

Source: City of Portland.

Projected Tax Increment Revenue Collections

The following table projects for the current fiscal year and the next five years the amounts of Divide the Taxes Revenues and Special Levy to be collected and the Annual Debt Service for Outstanding Senior Lien Bonds. The table shows anticipated collections of current year Divide the Taxes Revenues and the Special Levy, net of Measure 5 compression, delinquencies and discounts. Amounts are current year collections of Tax Increment Revenues only and do not include prior year collections or investment income, which in recent years have exceeded $250,000 in total (see historical results presented in Table 19). As discussed earlier, proposed reductions of the Area due to a Plan amendment would not affect projected Divide the Taxes Revenue or Special Levy collections. As of the Delivery Date of the 2012 Bonds, the FY 2011-12 Maximum Tax Increment Revenues is 162 percent of the Maximum Annual Debt Service on Outstanding Senior Lien Bonds.

The City may call 2012 Bonds earlier than their final maturity in conformance with the redemption provisions of the 2012 Bonds if revenues are sufficient. The City also has the option of collecting less Tax Increment Revenues if there are excess Tax Increment Revenues in the Tax Increment Fund. All amounts in the Tax Increment Fund must be used to pay debt service.

The 2012 Bonds are expected to be the final issue of bonded indebtedness for the City's Option 3 urban renewal areas, which are entitled to receive an allocation of the Special Levy. The City has structured the debt service for this issue so that the total Special Levy required for all Option 3 Districts, including the Area, will not exceed $15 million. While the City can impose a Special Levy up to the Maximum Tax Increment Revenues, the City plans to maintain a "levy stabilization fund" for each Option 3 urban renewal area to help keep the Special Levy at stable and predictable levels. See "SECURITY FOR THE 2012

BONDS—THE SPECIAL LEVY AND THE COLLECTION COVENANT." The amount of the levy stabilization fund for the Area is shown as beginning balance in the table below.

Table 20
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
PROJECTED TAX INCREMENT REVENUE COLLECTIONS,
MAXIMUM TAX INCREMENT REVENUES, AND ANNUAL DEBT SERVICE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Beginning Balance (1)	$2,625,164	$1,838,428	$2,654,635	$3,815,721	$4,587,418	$5,351,187
Tax Increment Revenues (2)						
Divide the Taxes to Raise	$5,740,000	$5,740,000	$5,740,000	$5,740,000	$5,740,000	$5,740,000
Less M5 Compression	(598,516)	(688,800)	(688,800)	(688,800)	(688,800)	(688,800)
Divide the Taxes Imposed	5,141,484	5,051,200	5,051,200	5,051,200	5,051,200	5,051,200
Less Discounts/Delinq.	(313,631)	(308,123)	(308,123)	(308,123)	(308,123)	(308,123)
Net Divide the Taxes	$4,827,853	$4,743,077	$4,743,077	$4,743,077	$4,743,077	$4,743,077
Special Levy to Raise	$5,608,713	$5,653,253	$4,681,267	$4,687,171	$4,676,603	$4,675,622
Less M5 Compression	(276,508)	(339,195)	(280,876)	(281,230)	(280,596)	(280,537)
Special Levy Imposed	5,332,205	5,314,058	4,400,391	4,405,940	4,396,007	4,395,085
Less Discounts/Delinq.	(325,265)	(324,158)	(268,424)	(268,762)	(268,156)	(268,100)
Net Special Levy	$5,006,941	$4,989,900	$4,131,967	$4,137,178	$4,127,851	$4,126,985
Total Tax Increment Revenues	$9,834,794	$9,732,977	$8,875,044	$8,880,255	$8,870,927	$8,870,061
Annual Debt Service						
2011 Series A and B Bonds	$5,820,521	$5,591,115	$4,628,300	$5,022,900	$5,021,500	$5,019,750
2012 Bonds (3)	0	3,325,654	3,085,658	3,085,658	3,085,658	3,085,658
TOTAL	$5,820,521	$8,916,769	$7,713,958	$8,108,558	$8,107,158	$8,105,408
Short Term Borrowing Debt Service (4)	$4,801,010	$0	$0	$0	$0	$0
Ending Balance (1)	$1,838,428	$2,654,635	$3,815,721	$4,587,418	$5,351,187	$6,115,840
Max. Tax Increment Rev.	$27,534,559	$25,414,962	$25,989,979	$26,578,441	$27,221,305	$27,876,382
Adjusted Maximum Annual Debt Service (3)	$16,960,658	$16,960,658	$16,960,658	$16,960,658	$16,960,658	$16,960,658
MTIR/Adjusted MADS Ratio (3)	1.62	1.50	1.53	1.57	1.60	1.64

Notes:

(1) These amounts are in the Subordinate Indebtedness Fund. Beginning balance in FY 2011-12 is the amount of Cash and Investments presented in the table entitled "Convention Center Area Debt Service Fund, Combining Balance Sheet, Nonmajor Debt Service Funds, June 30, 2011," less unrealized gains on investments. See City of Portland, Oregon Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011. Includes amount held for levy stabilization purposes to be used if compression losses or delinquencies and discounts exceed planned amounts. See "SECURITY FOR THE 2012 BONDS—THE SPECIAL LEVY AND THE COLLECTION COVENANT" herein.

(2) Assumptions for projections include (a) 12.0 percent compression loss on Divide the Taxes to Raise, (b) 6.0 percent compression loss on Special Levy to Raise, (c) 6.1 percent net loss due to delinquencies, discounts, and prior year tax collections. Amounts are current year Tax Increment Revenue collections only and do not include prior year collections or investment income (see historical results presented in Table 20).

(3) Preliminary, subject to change.

(4) Includes projected debt service for subordinate indebtedness including "du jour" bonds and interest on line of credit borrowings.

Source: City of Portland.

Beginning in FY 2020-21, most of the $15 million Special Levy will be allocated to pay debt service on the 2012 Bonds, as the debt service requirements for other Option 3 areas are reduced and can largely be met with the divide the taxes revenues for those urban renewal areas. The following table shows anticipated collections of Divide the Taxes Revenues and Special Levy net of Measure 5 compression and delinquencies and discounts, Maximum Tax Increment Revenues, and Annual Debt Service for Senior Lien Bonds.

Table 21
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
PROJECTED TAX INCREMENT COLLECTIONS, MAXIMUM TAX INCREMENT REVENUES AND ANNUAL DEBT SERVICE
(FY 2012-13 through FY 2024-25)

Fiscal Year	Net Divide the Taxes Revenues	Net Special Levy	Total Net Tax Increment Revenues	Annual Debt Service (1)	Maximum Tax Increment Revenues	Max. Tax Increment Revs./Annual Debt Svc. (1)
2012-13	$4,743,077	$4,989,900	$9,732,977	$8,916,769	$25,414,962	2.85
2013-14	4,743,077	4,131,967	8,875,044	7,713,958	25,989,979	3.37
2014-15	4,743,077	4,137,178	8,880,255	8,108,558	26,578,441	3.28
2015-16	4,743,077	4,127,851	8,870,927	8,107,158	27,221,305	3.36
2016-17	4,743,077	4,126,985	8,870,061	8,105,408	27,876,382	3.44
2017-18	4,743,077	4,123,269	8,866,346	8,103,908	28,543,906	3.52
2018-19	4,743,077	4,270,395	9,013,471	8,102,158	29,224,113	3.61
2019-20	4,743,077	4,875,100	9,618,177	8,104,658	29,917,244	3.69
2020-21	4,743,077	12,239,963	16,983,040	16,960,658	30,623,544	1.81
2021-22	4,743,077	12,234,109	16,977,186	16,960,366	31,343,265	1.85
2022-23	4,743,077	12,810,871	17,553,948	16,957,423	32,076,659	1.89
2023-24	4,743,077	13,239,900	17,982,977	16,958,553	32,823,989	1.94
2024-25	4,743,077	13,239,900	17,982,977	11,319,457	33,585,517	2.97

Notes:

(1) Preliminary, subject to change.

Source: City of Portland.

Outstanding Indebtedness

As of the date for closing of the 2012 Bonds, the City will have outstanding Senior Lien Bonds for the Area as shown in the table below.

Table 22
CITY OF PORTLAND, OREGON
Oregon Convention Center Urban Renewal Area
OUTSTANDING SENIOR LIEN DEBT AS OF
THE CLOSING DATE OF THE 2012 BONDS

Issue Name	Dated Date	Final Maturity Date	Amount Issued	Amount Outstanding
Oregon Convention Center Urban Renewal and Redevelopment Bond, 2011 Series A (Federally Taxable)	5/19/2011	6/15/2013	$7,540,000	$7,540,000
Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2011 Series B (Tax Exempt)	7/6/2011	6/15/2020	$30,870,000	$29,685,000
Oregon Convention Center Urban Renewal and Redevelopment Bond, 2012 Series A (Federally Taxable) (1)	5/24/2012	6/15/2025	$68,445,000	$68,445,000
Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax Exempt) (1)	5/24/2012	6/15/2025	$1,315,000	$1,315,000
Total			$108,170,000	$106,985,000

Notes:

(1) The 2012 Bonds. Preliminary, subject to change.

Source: City of Portland.

MAXIMUM INDEBTEDNESS

The Maximum Indebtedness amount for the Area is $167,511,000, which is expected to be reached with the issuance of the 2012 Bonds as shown in the table below.

Table 23
OREGON CONVENTION CENTER URBAN RENEWAL AREA
Maximum Indebtedness, Amounts Issued, and Amounts Remaining
(as of 5/17/2012)

Maximum Indebtedness Amount		$167,511,000
Less:	Short Term Subordinate Debt (1)	48,370,000
	Line of Credit Draws	38,101,141
	Long Term Bonds (2)	81,038,859
	Remaining Maximum Indebtedness	$ 0

Notes:

(1) To comply with requirements that tax increment revenues be spent on bonded indebtedness, the City issues bonds with very short maturities (typically overnight). These bonds, known as “du jour bonds” are typically sold to commercial banks.
(2) Preliminary, subject to change.

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 1997. Ballot Measure 50 was a citizen initiative that substantially amended Article XI, Section 11 of the Oregon Constitution ("Section 11").

SECTION 11

Permanent Tax Rate

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

Assessed Value

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

In Oregon, the assessor's estimate of market value is called "Real Market Value." In conformance with Measure 5 (see "SECTION 11B" below), properties also are assigned a "Market Value," which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property. New construction and changed property is not assessed at its Real Market Value or its Market Value. Instead, it receives an Assessed Value that is calculated by multiplying the Market Value of the property by the ratio of Assessed Values of comparable property in the area to the Market Values of those properties. This produces an Assessed Value for new construction and changed property that approximates to the Assessed Value of comparable property in the area.

Other Property Taxes

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

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

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

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

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

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

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

SECTION 11B

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

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

If the combined tax rates within a category exceed the rate limit for the category, local option levies are reduced first, and then permanent rate levies, urban renewal special levies, and the City's Fire and Police Disability and Retirement Fund levy are reduced proportionately to bring taxes within the rate limit. Divide the Taxes Revenues are currently reduced by Section 11B more than urban renewal special levies, because Divide the Taxes Revenues consist partly of local option levies that are reduced before other levies.

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 fire and police disability and retirement 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 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. In May 2011, voters approved a five-year local option levy for Portland Public Schools at a rate of $1.9900 per $1,000 of Assessed Value, which took effect in FY 2011-12. Voters also approved a $0.05 per $1,000 for the Oregon Historical Society which took effect in FY 2011-12.

ELIGIBLE ELECTIONS

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

GENERAL OBLIGATION BONDS

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

COLLECTION

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

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

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

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

PROPERTY TAX EXEMPTION PROGRAMS

City Programs

Various City housing programs provide property tax abatements as a means to encourage construction, rehabilitation, or conversion of housing units within the City. These programs are authorized by State statute and City Code. The City establishes specific criteria that meet statutory guidelines. Programs currently in effect are as follows:

- <u>Non-Profit Owners of Low Income Housing Tax Exemption</u>: This exemption is intended to promote housing for low-income renters, and allows charitable, non-profit owners or managers of residential property to apply for a tax exemption based upon the number of affordable housing units they maintain. The tax exemption is granted for one year, with annual renewals.

- <u>Rental Rehabilitation Program</u>: To preserve rental property, the City offers a ten-year tax abatement (subject to annual review) on improvements to existing rental housing or conversion of existing structures to rental housing. Property owners continue to pay taxes on the Assessed Value of the land and the original improvements to the property and such Assessed Value can not exceed the Assessed Value as it appeared in the most recent assessment roll prior to the application filing date. Property owners must designate a minimum number of units to remain affordable to low-income households during the exemption period.

- <u>Owner-Occupied Rehabilitation Program</u>: To encourage the rehabilitation of owner-occupied housing in designated distressed areas of the City, the City offers a ten-year property tax abatement on the increased Assessed Value of the property resulting from approved rehabilitation. Property owners continue to pay taxes on the Assessed Value of the land and the original improvements to the property, along with any increases to these values allowed under Measure 50.

- <u>Transit Oriented Development Program</u>: This program is intended to promote high-density residential and mixed use development in transit oriented areas. Property owners receive a tax exemption on the residential portion of new construction or conversion of existing structures for up to ten years.

- <u>Single Family New Construction</u>: To encourage the new development owner-occupied housing in designated distressed areas of the City, the City offers a ten-year property tax abatement on the Assessed Value of the new improvements resulting from the development or redevelopment of the land. Property owners continue to pay taxes on the Assessed Value of the land along with any increases to these values allowed under Measure 50.

- New, Multiple-Unit (Central City) Housing Program: This program provides a property tax exemption for newly constructed multiple-unit housing or conversion of existing structures into multiple-unit housing in the Central City and urban renewal areas for up to ten years.

Because the City and the Commission view property tax exemption programs as important components of promoting affordable housing and economic development within the City, the City may seek to extend existing programs past their current expiration dates or to create new programs.

Oregon Enterprise Zone Program

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

Other State Programs

State statutes authorize other property tax exemptions that are not directly controlled by the City. Among these are property tax exemptions for charitable, educational, and religious institutions; certain health care facilities; historic property; property owned by State, local, and certain federal government agencies; and exemptions for disabled veterans.

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated population of 585,845 as of July 1, 2011, comprises an area of approximately 135 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.2 million people as of July 1, 2010. The City is the county seat of Multnomah County and is the largest city in Oregon and the second largest city in the Pacific Northwest.

PORTLAND-VANCOUVER-BEAVERTON METROPOLITAN STATISTICAL AREA

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

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

POPULATION

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

Table 24
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
2002	3,504,700	538,180	1,989,550	670,250	463,050	350,850
2003	3,541,500	545,140	2,019,250	677,850	472,600	353,450
2004	3,582,600	550,560	2,050,650	685,950	480,200	356,250
2005	3,631,440	556,370	2,082,240	692,825	489,785	361,300
2006	3,690,505	562,690	2,121,910	701,545	500,585	367,040
2007	3,745,455	568,380	2,159,720	710,025	511,075	372,270
2008	3,791,075	575,930	2,191,784	717,880	519,925	376,660
2009	3,823,465	582,130	2,216,785	724,680	527,140	379,845
2010	3,837,300	583,775	2,229,899	736,785	531,070	376,780
2011	3,857,625	585,845	2,245,400	741,925	536,370	378,480
2002-2011 Compounded Annual Rate of Change	1.1%	0.9%	1.4%	1.1%	1.6%	0.8%
2007-2011 Compounded Annual Rate of Change	0.7%	0.8%	1.0%	1.1%	1.2%	0.4%

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

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

Notes:

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

Source: Washington State Office of Financial Management; Portland State University, Center for Population Research. Under Oregon 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 except for 2007, was higher than in the nation. Table 25 below shows personal income and per capita income for the MSA compared to similar data for the State and nation.

Table 25
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
MSA, Oregon, and the United States

Year	Total Personal Income MSA (millions)	Per Capita Income MSA	Per Capita Income Oregon	Per Capita Income USA
2001	$65,340	$33,074	$29,250	$31,157
2002	66,298	32,973	29,797	31,481
2003	68,222	33,541	30,582	32,295
2004	70,927	34,552	31,650	33,909
2005	74,750	35,868	32,557	35,452
2006	80,794	38,040	34,706	37,725
2007	85,305	39,428	35,950	39,506
2008	88,978	40,950	37,399	40,947
2009	87,894	39,830	35,571	38,846
2010	90,654	40,590	36,427	39,945
2001-2010 Compounded Annual Rate of Change	3.7%	2.3%	2.5%	2.8%

Source: Personal income from U.S. Department of Commerce, Bureau of Economic Analysis, as of August 9, 2011. Per capita income from U.S. Department of Commerce, Bureau of Economic Analysis as reported by Oregon Employment Department as of January 2012.

LABOR FORCE AND UNEMPLOYMENT

Table 26 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 2002 through 2011. For March 2012, the seasonally-adjusted unemployment rate for the MSA was 7.9 percent (8.3 percent not seasonally-adjusted) with a resident civilian labor force of 1,197,815. Table 27 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2002 through 2011.

Table 26
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
2002	1,093,526	85,191	7.8%	1,008,335
2003	1,090,119	90,082	8.3	1,000,037
2004	1,089,204	76,576	7.0	1,012,628
2005	1,097,592	64,282	5.9	1,033,310
2006	1,121,350	56,388	5.0	1,064,962
2007	1,142,519	55,274	4.8	1,087,245
2008	1,169,791	69,708	6.0	1,100,083
2009	1,185,625	127,688	10.8	1,057,937
2010	1,189,827	126,187	10.6	1,063,640
2011	1,195,738	109,302	9.1	1,086,436

Notes:

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

Source: Oregon Employment Department as of January 2012.

Table 27
CITY OF PORTLAND, OREGON
Average Annual Unemployment
MSA, Oregon, and the United States
(Not Seasonally Adjusted)

Year	MSA	State of Oregon	USA
2002	7.8%	7.6%	5.8%
2003	8.3	8.1	6.0
2004	7.0	7.3	5.5
2005	5.9	6.2	5.1
2006	5.0	5.3	4.6
2007	4.8	5.2	4.6
2008	6.0	6.5	5.8
2009	10.8	11.1	9.3
2010	10.6	10.8	9.6
2011	9.1	9.5	8.9

Source: Oregon Employment Department as of January 2012.

EMPLOYMENT BY INDUSTRY

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

Table 28
CITY OF PORTLAND, OREGON
Portland-Vancouver-Beaverton, Oregon MSA
Non-Farm Wage and Salary Employment (1)(000)

Industry	2007	2008	2009	2010	2011
Total nonfarm employment	**1,034,900**	**1,034,300**	**973,800**	**965,500**	**975,900**
Total private	**892,700**	**887,300**	**825,700**	**817,700**	**830,700**
Manufacturing	**126,100**	**123,200**	**109,100**	**106,700**	**108,300**
Durable goods	95,700	93,500	81,700	79,300	81,000
Wood product manufacturing	5,600	4,800	3,700	3,500	3,400
Primary metal manufacturing	6,600	7,100	5,800	5,600	5,800
Fabricated metal manufacturing	13,300	13,400	11,100	11,100	11,300
Machinery manufacturing	8,600	8,300	7,000	7,000	7,400
Computer/electronic manufacturing	36,900	35,900	33,900	33,200	34,300
Transportation equipment manufacturing	9,000	8,600	7,000	6,300	6,500
Nondurable goods	30,400	29,600	27,400	27,300	27,400
Food manufacturing	9,100	9,200	9,100	9,300	9,500
Paper manufacturing	4,700	4,500	3,900	3,600	3,300
Non-Manufacturing	**766,600**	**764,200**	**716,900**	**711,100**	**722,600**
Construction and mining	66,900	62,400	50,600	45,800	46,000
Trade, transportation, and utilities	205,700	203,900	189,700	186,700	190,600
Wholesale Trade	58,100	57,800	54,400	52,500	53,000
Retail trade	109,800	108,500	101,100	101,100	103,800
Transportation, warehousing, and utilities	37,800	37,600	34,200	33,100	33,900
Information	24,800	24,600	22,900	22,300	22,200
Financial activities	70,400	67,800	63,800	61,800	62,100
Professional and business services	136,400	136,500	124,900	126,600	129,700
Educational and health services	127,800	132,600	135,200	139,000	143,200
Leisure and hospitality	98,000	99,300	94,500	93,900	94,700
Other services	36,600	37,100	35,300	35,000	34,100
Government	**142,300**	**147,000**	**148,100**	**147,800**	**145,200**

Notes:

(1) Totals may not sum due to rounding.

Source: State of Oregon, Employment Department as of January 2012.

Table 29
CITY OF PORTLAND, OREGON
Major Employers in the MSA

Employer	Product or Service	2011 Estimated Employment
Private Employers		
Intel Corporation	Computer and electronic products	15,636
Providence Health System	Health care & health insurance	14,089
Fred Meyer Stores	Grocery & retail variety chain	9,858
Legacy Health System	Health care	9,732
Kaiser Foundation of the Northwest	Health care	9,039
NIKE Inc.	Sports shoes and apparel	7,000
Wells Fargo	Bank	4,748
U.S. Bank	Bank & holding company	3,899
Southwest Washington Medical Center	Health care	3,345
Xerox Corp.	Document systems	3,300
Portland General Electric	Utilities	2,708
The Standard	Insurance	2,500
Daimler Trucks North America	Heavy duty trucks	2,450
Public Employers		
State of Oregon	State government	18,400
U.S. Federal Government	Federal government	13,900
Oregon Health and Science University	Health care & education	12,000
City of Portland	Government	8,876
Portland School District	Education	6,855
Evergreen School District	Education	6,448
Multnomah County	Government	5,797
Portland Community College	Education	4,390
Beaverton School District	Education	4,247
Portland State University	Education	4,066
Vancouver School District	Education	3,224
TriMet	Mass transit	2,431

Source: Portland Business Journal, December 23, 2011.

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.

Portland's industrial sector is continuing its recovery according to Grubb & Ellis in their publication *Industrial Trends Report – - Fourth Quarter 2011, Portland, OR*. Grubb & Ellis report that the overall vacancy rate in the fourth quarter of 2011 was 8.1 percent compared to 8.4 percent in the third quarter of 2011. This vacancy rate was also below the fourth quarter 2010 rate of 8.5 percent. Grubb & Ellis note that the fourth quarter of 2011 ended with almost 900,000 square feet of industrial space absorbed in the quarter and 1.6 million square feet absorbed for the year. A total of 448,000 square feet of new construction was delivered in the quarter. Another 2.9 million square feet of new construction is underway, including a 1.8 million square-foot facility owned by Intel.

Office

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

The office market ended on a positive note in 2011, according to the *Office Trends Report – Fourth Quarter 2011, Portland, OR* prepared by Grubb & Ellis. The fourth quarter vacancy rate for the Portland region was 13.8 percent, down slightly from the third quarter 2011 vacancy rate of 14.1 percent and down from the fourth quarter 2010 vacancy rate of 14.6 percent. The fourth quarter 2011 vacancy rate in the downtown central business district was 9.1 percent, compared to a fourth quarter 2010 rate of 9.4 percent and a third quarter 2011 rate of 9.3 percent. The suburban market was weaker, with a fourth quarter 2011 vacancy rate of 16.6 percent. Grubb & Ellis report total office market net absorption of 157,000 square feet for the fourth quarter. For the year, the CBD saw almost 150,000 of net absorption while the suburbs had over 400,000 square feet of net absorption. Class A office space in the downtown continues to fare better than the rest of the market, with asking rents averaging $26.19 per square foot compared to $22.30 per square foot for the Class A space in the Portland region's suburban market.

Housing

The year-to-date median selling price of a home in the Portland metropolitan area through December 2011 was $221,000, down 7.9 percent from the December 2010 year-to-date price of $239,900, according to the Realtors Metropolitan Area Multiple Listing Service ("RMLS"). Through December 2011, homes in the Portland metropolitan area were on the market an average of 143 days during the year. According to RMLS, through December of 2011, the Southeast and West Portland regions were the most active residential real estate areas, with 2,457 and 2,284 closed sales, respectively. Portland metropolitan area closed sales year-to-date were up 4.0 percent from the same period in 2010.

The table below compares the median home sale price for the fourth quarter of 2010 and 2011 in the Portland region and with the nation.

Table 30
CITY OF PORTLAND, OREGON
Median Home Sale Price
(U.S. and Portland Metropolitan Area)

Region	4th Quarter 2010	4th Quarter 2011	Percent Change
U.S.	$170,600	$163,500	-4.2%
Portland Metro. Area	230,200	218,900	-4.9%

Source: National Association of Realtors and RMLS.

The market for condominiums also has deteriorated as a result of the downturn in the housing market as shown in the following table. Portland's decrease in value is largely due to the increased inventory that has come on the market over the past few years.

Table 31
CITY OF PORTLAND, OREGON
Median Condo/Coop Sale Price
(U.S. and Portland Metropolitan Area)

Region	4th Quarter 2010	4th Quarter 2011	Percent Change
U.S.	$163,500	$160,800	-1.7%
Portland Metro. Area	165,600	146,700	-11.4%

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 32
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
2000	866	$125,275,273	93	$62,578,694
2001	1,040	159,218,264	102	46,446,402
2002	1,088	169,816,560	110	92,457,354
2003	1,093	176,408,264	198	195,489,464
2004	956	162,215,542	161	153,283,224
2005	981	172,372,705	196	247,646,057
2006	1,256	232,917,661	164	241,125,419
2007	1,205	236,732,683	179	346,708,925
2008	648	126,171,068	73	410,957,333
2009	427	86,645,801	15	44,978,728
2010	435	95,809,473	30	86,511,573

Source: U.S. Census Bureau as of May 17, 2011.

Urban Renewal

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

The City has eleven urban renewal areas, with combined acreage of about 14 percent of the City's area. Five of the 11 urban renewal areas are concentrated in the city's core; three of these, including the Area, have largely completed their work. Three are mainly 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 is completing its urban renewal work. The Portland Development Commission administers the urban renewal areas. In April 2012, the City Council adopted ordinances to create six small urban renewal areas, which will be located along commercial corridors in certain eastside neighborhoods. These urban renewal areas are being formed to strengthen the economic competitiveness of neighborhood business districts. The Commission is also planning a new urban renewal area in Portland's west side, which will include property in the vicinity of Portland State University.

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 2011, 554 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2011 increased by 2.0 percent to 13.4 million short tons in 2011 compared to 13.1 million in 2010.

The Columbia River ship channel extends from the Portland Harbor to the Pacific Ocean 110 miles downstream. In 2005, the Columbia River Channel Deepening Project was initiated to improve navigation to accommodate the current fleet of international bulk cargo and container ships and to improve the condition of the Columbia River estuary through the completion of other environmental restoration projects. The project deepened the Columbia River by three feet, to 43 feet along a 103-mile stretch of river from the Pacific Ocean to Portland and was completed in November 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 handled approximately 13.7 million passengers in 2011, with more than 400 flights daily. This includes nonstop service on international flights to Amsterdam, Netherlands; Vancouver, British Columbia; Toronto, Ontario; and Tokyo, Japan. In 2011, 205,846 short tons of cargo and 8,118 short tons of mail were handled by PDX. Portland is also served by three publicly operated general aviation airports located in the suburban areas.

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

Transportation is facilitated by a highway system that includes I-5, the primary north-south highway artery of the West Coast, and two by-pass routes, Interstate 205 and Interstate 405, within and around the City. The primary east-west highway system is Interstate 84, which begins at Portland and heads east along the Columbia River to Idaho and beyond. The 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 2010 through June 2011, passengers boarded a TriMet bus or train approximately 100 million times.

TriMet's light rail system ("MAX") connects the cities of Portland, Gresham, Beaverton and Hillsboro, and PDX. In 2009, TriMet completed an 8.3 mile extension of the light rail line, providing service along Interstate-205 between Clackamas Town Center through downtown Portland to Portland State University. Tri-Met is currently underway with the Portland-Milwaukie light rail extension, which will connect downtown Portland to Milwaukie. This 7.3 mile line is expected to be operational in 2015. In 2008, TriMet began service on the Washington County Commuter Rail, which runs from Beaverton to Wilsonville.

The Portland Streetcar connects the South Waterfront area along the Willamette River with the Pearl District and Northwest Portland. The Portland Streetcar is owned and operated by the City, and has entered into contracts with TriMet for train operators and mechanics. An extension of the streetcar line to Portland's east side is currently underway. The extension will cross the Willamette River using the Broadway Bridge, travel through the Lloyd District, continue south along Martin Luther King, Jr. Boulevard, and make a loop at either SE Mill or Stephens Street before returning back along Grand Avenue. The project is expected to be completed in September 2012.

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 South Waterfront 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 Veterans' Memorial Coliseum), as do the major-junior Western Hockey League ("WHL") Portland Winterhawks. JELD-WEN Field (formerly PGE Park) was recently renovated for major league soccer and is the home of the Major League Soccer ("MLS") Portland Timbers.

HIGHER EDUCATION

Within the Portland metropolitan area are several post-secondary educational systems. Portland State University ("PSU"), the largest university in the Oregon University System, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 220 undergraduate, masters, and doctoral programs. Enrollment for the Fall 2011 term was approximately 29,703 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 2010-11 was approximately 2,720 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. 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 CenturyLink (formerly 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 18.4 percent of the State's Gross Farm and Ranch Sales based on 2011 estimates from the Oregon State University Extension Economic Information Office. The 2011 Gross Farm and Ranch Sales in Clackamas County was $332,940,000; Washington County was $284,778,000; Yamhill County was $259,013,000; Multnomah County was $55,103,000; and Columbia County was $26,469,000 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.

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

To place a proposed state-wide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2012 general election, the requirement is eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. The last day for submitting signed initiative petitions for the 2012 general election is July 6, 2012. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. State-wide initiatives may only be filed for general elections in even-numbered years. The next general election for which state-wide initiative petitions may be filed will be in November 2012.

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

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

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

Table 33
CITY OF PORTLAND, OREGON
Statewide Initiative Petitions that Qualified and Passed
2002-2010

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

Source: Elections Division, Oregon Secretary of State.

FUTURE STATE-WIDE INITIATIVE MEASURES

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

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

LOCAL INITIATIVES

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

TAX MATTERS

2012 SERIES A BONDS – FEDERALLY TAXABLE

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, interest on the 2012 Series A Bonds (i) is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of 2012 Series A Bonds by original purchasers of the 2012 Series A Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the 2012 Series A Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the 2012 Series A Bonds as a position in a "hedge" or "straddle", holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire 2012 Series A Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of 2012 Series A Bonds should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the 2012 Series A Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a holder of a 2012 Series A Bond having a maturity of more than one year from its date of issue must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such 2012 Series A Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the 2012 Series A Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such 2012 Series A Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the 2012 Series A Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a 2012 Series A Bond using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Bonds

Each holder of a 2012 Series A Bond with a maturity not longer than one year (a "Short-Term Taxable Bond") is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the holder's tax basis therefor.

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

Bond Premium

In general, if a 2012 Series A Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the 2012 Series A Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a 2012 Series A Bond, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the 2012 Series A Bond.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the 2012 Series A Bonds to be deemed to be no longer outstanding under the Bond Declaration (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the 2012 Series A Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the 2012 Series A Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a 2012 Series A Bond and the proceeds of the sale of a 2012 Series A Bond before maturity within the United States. Backup withholding may apply to holders of 2012 Series A Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a 2012 Series A Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

The advice under the caption, "TAX MATTERS - 2012 Series A Bonds – Federally Taxable", concerning certain income tax consequences of the acquisition, ownership and disposition of the 2012 Series A Bonds, was written to support the marketing of the 2012 Series A Bonds. To ensure compliance with requirements imposed by the Internal Revenue Service, each prospective purchaser of the 2012 Series A Bonds is advised that (i) any Federal tax advice contained in this official statement (including any attachments) or in writings furnished by Bond Counsel to the City is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code, and (ii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest of the 2012 Series A Bonds under state law or otherwise prevent beneficial owners of the 2012 Series A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2012 Series A Bonds.

Prospective purchasers of the 2012 Series A Bonds should consult their own tax advisors regarding the foregoing matters.

2012 SERIES B BONDS – FEDERALLY TAX-EXEMPT

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2012 Series B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Series B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Bond Counsel expresses no opinion, however, on the extent to which interest on the 2012 Series B Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the 2012 Series B Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Series B Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the 2012 Series B Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the 2012 Series B Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Series B Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2012 Series B Bonds in order that interest on the 2012 Series B Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2012 Series B Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2012 Series B Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2012 Series B Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2012 Series B Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2012 Series B Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2012 Series B Bonds.

Prospective owners of the 2012 Series B Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2012 Series B Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2012 Series B Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2012 Series B Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2012 Series B Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2012 Series B Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2012 Series B Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2012 Series B Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

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

Bond Premium

In general, if an owner acquires a 2012 Series B Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2012 Series B Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2012 Series B Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2012 Series B Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2012 Series B Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2012 Series B Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2012 Series B Bonds under Federal or state law or otherwise prevent beneficial owners of the 2012 Series B Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2012 Series B Bonds.

Prospective purchasers of the 2012 Series B Bonds should consult their own tax advisors regarding the foregoing matters.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The fiduciary of a Plan that proposes to purchase and hold any 2012 Series A Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest and (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets. Depending on the identity of the Plan fiduciary making the decision to acquire or hold 2012 Series A Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption

(“PTCE”) 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by “qualified professional asset managers”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain “in-house asset managers”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries (or affiliates of such fiduciaries) with respect to the “plan assets” of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a 2012 Series A Bond, each Purchaser will be deemed to have represented and warranted that either (i) no “plan assets” of any Plan have been used to purchase such 2012 Series A Bond, or (ii) the Underwriter is not a Party in Interest with respect to the “plan assets” of any Plan used to purchase such 2012 Series A Bond, or (iii) the purchase and holding of such 2012 Series A Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to the rules similar to those imposed on Plans under Section 406 of ERISA or Section 4975 of the Code) should consult with its legal advisor concerning an investment in any of the 2012 Series A Bonds.

RATING

The 2012 Bonds have been rated “Aa3” by Moody’s Investors Service. Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 250 Greenwich Street, New York, New York, 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the 2012 Bonds.

UNDERWRITING

On behalf of the Underwriters listed on the cover of this Official Statement, Citigroup Global Markets Inc. has agreed, subject to certain conditions, to purchase all of the 2012 Series A Bonds, if any are to be purchased, at a price of $______________ (which is equal to the aggregate principal amount of the 2012 Series A Bonds of $____________, less an Underwriter’s Discount of $____________).

On behalf of the Underwriters listed on the cover of this Official Statement, Citigroup Global Markets, Inc. has agreed, subject to certain conditions, to purchase all of the 2012 Series B Bonds, if any are to be purchased, at a price of $_______________ (which is equal to the aggregate principal amount of the 2012 Series B Bonds of $_____________, [plus/less] an original issue [premium/discount] of $________________, and less an Underwriter’s Discount of $_______________).

After the initial public offering, the public offering prices may be varied from time to time.

Citigroup Inc., parent company of Citigroup Global Markets Inc., has entered into a retail brokerage joint venture with Morgan Stanley & Co. LLC. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, the Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”). WFBNA has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC (“WFA”) for the retail distribution of certain municipal securities offerings, including the 2012 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting with respect to the 2012 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo

& Company. In addition, WFBNA provided the line of credit that is being repaid with a portion of the proceeds of the 2012 Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

FORWARD LOOKING STATEMENTS

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2012 Bonds by the City are subject to the approving opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the 2012 Bonds, the Ordinance, the Bond Declaration, and the authority to issue the 2012 Bonds conform to the 2012 Bonds and the applicable laws under which they are issued. The statements made in this Official Statement under the captions "THE 2012 BONDS" and "TAX MATTERS" have been reviewed and approved by Bond Counsel. All other representations of law and factual statements contained in this Official Statement, including but not limited to all financial and statistical information and representations contained herein, have not been reviewed or approved by Bond Counsel. Certain other legal matters have been passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Underwriter's Counsel.

LITIGATION

Members of the public and advocacy groups from time to time assert that they intend to file a legal action against the City or the Commission challenging certain programs, laws or actions that the City, the Commission, its officers or bureaus have taken. Because the City cannot be certain as to whether such actions will actually be filed, the legal assertions that may be made in a potential action or the remedy sought in terms of the amount of damages or performance requested of the City or the Commission, the City includes as threatened litigation only situations in which the City or the Commission is engaged in active settlement negotiations with a person or group in order to pre-empt filing of a lawsuit.

The City discloses only pending or threatened litigation that the City has determined may have a materially adverse impact on the City's or Commission's financial position in relation to the bonds offered for sale; for the 2012 Bonds, the current level of materiality involves litigation where the damages or performance sought has a reasonable probability of imposing liability of $5 million or more against the Area's Tax Increment Revenues. There is no litigation pending or threatened against the City or the Commission which would materially and adversely affect the financial condition of the Tax Increment Fund of the Area.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of the 2012 Bonds, the City will deliver a certificate to the Underwriters to the effect that the City has examined this Official Statement and the financial and other data concerning the City contained herein and that, to the best of the City's knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2012 Series A Bonds, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which the statements were made, and (ii) between the date of this Official Statement and the date of delivery of the 2012 Bonds, there has been no material change in the affairs (financial or otherwise), financial condition or results of operations of the City except as set forth in this Official Statement.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete, and reference should be made to said laws for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the City and the Underwriters or owners of any of the 2012 Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies, since the date hereof.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City, as the "obligated person" within the meaning of the Rule, will execute and deliver a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix F for the benefit of the 2012 Bond holders.

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

CONCLUDING STATEMENT

This Official Statement has been deemed final by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The undersigned certifies that to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2012 Bonds, does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) between the date of this Official Statement and the date of delivery of the 2012 Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in or contemplated by this Official Statement.

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

CITY OF PORTLAND, OREGON

By:________________________________

Debt Manager
Office of Management and Finance

CITY OF PORTLAND, OREGON

1851

APPENDIX A
SENIOR LIEN BOND DECLARATION

CITY OF PORTLAND, OREGON
1851

AMENDED AND RESTATED

SENIOR LIEN BOND DECLARATION

City of Portland, Oregon

Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Refunding Bonds
2011 Series B (Tax-Exempt)

Executed by the Debt Manager of the City of Portland, Oregon

As of this 6th day of July, 2011

TABLE OF CONTENTS

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

Amended and Restated Senior Lien Bond Declaration

THIS AMENDED AND RESTATED BOND DECLARATION is executed as of July 6, 2011, by the Debt Manager of the City of Portland, Oregon pursuant to the authority granted to the Debt Manager by City Ordinance No. 184513.

Section 1. Recitals.

The City recites:

1.1. In its Resolution No. 6860, adopted on April 13, 2011, the Portland Development Commission has requested the City to issue the tax increment bonds pursuant to Section 15-106 of the City Charter to refund certain outstanding tax increment bonds that are secured by the tax increment revenues of the Oregon Convention Center Urban Renewal Area.

1.2. In its Ordinance No. 184513, adopted on April 13, 2011, the Portland City Council authorized the City to issue tax increment bonds pursuant to Section 15-106 of the City Charter to refund certain outstanding tax increment bonds that are secured by the tax increment revenues of the Oregon Convention Center Urban Renewal Area, and authorized the City's Debt Manager to provide that those refunding bonds will be secured by a lien on the tax increment revenues of the Oregon Convention Center Urban Renewal Area that is subordinate to the lien of the outstanding bonds.

1.3. In City Ordinance No. 172389 the City chose Option Three for the Oregon Convention Center Urban Renewal Area as provided in ORS 457.435(2)(c), and has limited Divide the Taxes Revenues to $5,740,000 in each Fiscal Year. The Portland Development Commission and the City are authorized to notify the county assessor to impose the Special Levies described in ORS 457.435(2)(c) and ORS 457.440(2)(c).

1.4. In City Ordinance No. 172354 the City approved a maximum indebtedness limit for the Oregon Convention Center Area of $167,511,000. The City has issued approximately $118 million of this amount, and has approximately $49 million of unissued maximum indebtedness remaining. The 2011 Series B Bonds are issued to refund previously issued indebtedness, and do not count as additional indebtedness under the maximum indebtedness limit.

1.5. The City is authorized by ORS 457.440(11) to take any actions that its urban renewal agency is authorized to take.

1.6. The City has issued its Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bond, 2011 Series A under a Bond Declaration that is dated as of May 19, 2011. When the 2011 Series A Bond was issued, bonds secured by a first lien on the Tax Increment Revenues of the Oregon Convention Center Urban Renewal Area ("Prior Lien Bonds") were outstanding.

1.7. The City is now issuing its Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B (Tax-Exempt), on a parity with the 2011 Series A Bond, to defease all remaining Prior Lien Bonds. The City has initially sold the 2011B Bonds to Citigroup Global Markets Inc., as representative of the underwriters, pursuant to a Bond Purchase Agreement which is dated June 28, 2011. As permitted by Section 8.2(F) of the May 19, 2011 Bond Declaration, the City is executing this Amended and Restated Bond Declaration to amend the May 19, 2011 Bond Declaration to delete references to the Prior Lien Bonds, to describe the terms of the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B, and the terms under which Additional Senior Lien Bonds may be issued.

Section 2. Definitions.

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

"2011A Bond" means the City's Oregon Convention Center Urban Renewal and Redevelopment Bond, 2011 Series A (Federally Taxable) which is described in Section 13 of this Declaration.

"2011B Bonds" means the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B (Tax-Exempt) which are described in Section 14 of this Declaration.

"Additional Senior Lien Bonds" means obligations that are issued in compliance with Section 5 of this Declaration and that are secured by a lien on, and pledge of, the Tax Increment Revenues that is on a parity with the lien and pledge that secures all Senior Lien Bonds. Additional Senior Lien Bonds include Senior Lien Exchange Agreements.

"Adjusted Annual Debt Service" means Annual Debt Service for a Fiscal Year, reduced by:

a) the amount of any Federal Interest Subsidy that the City is scheduled to receive for Senior Lien Bond interest in that Fiscal Year; and,

b) the amount that is expected to be available in the Senior Lien Reserve Account to pay scheduled debt service on Senior Lien Bonds during that Fiscal Year.

"Adjusted Maximum Annual Debt Service" means the largest Adjusted Annual Debt Service that occurs after the date for which the calculation is done. Adjusted Maximum Annual Debt Service shall be calculated for the remainder of the Fiscal Year in which the calculation is made, and for each subsequent Fiscal Year in which Outstanding Senior Lien Bonds are scheduled to be paid.

"Annual Debt Service" means the amount required to be paid in a Fiscal Year of principal and interest on Outstanding Senior Lien Bonds, calculated as follows:

(i) Interest which is to be paid from proceeds of Senior Lien Bonds shall be subtracted.

(ii) Senior Lien Bonds which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption or tender, and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date.

(iii) Senior Lien Bonds which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates.

(iv) Variable Rate Obligations shall bear interest from the date of computation until maturity at their Estimated Average Interest Rate.

(v) Each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

(vi) City Payments to be made in the Fiscal Year under a Senior Lien Exchange Agreement shall increase Annual Debt Service, and Reciprocal Payments to be received in the Fiscal Year under a Senior Lien Exchange Agreement shall reduce Annual Debt Service.

"Area" means the Oregon Convention Center Urban Renewal Area which is described in the Plan.

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

"Balloon Debt Service Requirement" means the Committed Debt Service Requirement for a Balloon Payment or, if the City has not entered into a firm commitment to sell Senior Lien Bonds or other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

"Balloon Payment" means any principal payment for a Series of Senior Lien Bonds which comprises more than twenty-five percent of the original principal amount of that Series, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

"Base Period" means any 12 consecutive months from the 24 full months preceding the issuance of a series of Senior Lien Bonds.

"Bond Buyer 20 Bond Index" means the 20-Bond GO Index published by The Bond Buyer. However, if that index ceases to be available, "Bond Buyer 20 Bond Index" means an index reasonably selected by the City which is widely available to dealers in municipal securities, and which measures the interest rate of high quality, long-term, fixed rate municipal securities.

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

"City" means the City of Portland, Oregon.

"City Payment" means any scheduled payment required to be made by or on behalf of the City under an Exchange Agreement which is either fixed in amount or is determined according to a formula set forth in the Exchange Agreement.

"Closing" means the date on which a Series of Senior Lien Bonds is delivered in exchange for payment.

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

"Commission" means the Portland Development Commission.

"Committed Debt Service Requirement" means the schedule of principal and interest payments for a Series of Senior Lien Bonds or other obligations which refund a Balloon Payment, as shown in the documents evidencing the City's firm commitment to sell that Series. A "firm commitment to sell" means a bond purchase agreement or similar document which obligates the City to sell, and obligates a purchaser to purchase, the Series of refunding Senior Lien Bonds or other obligations, subject only to the conditions which customarily are included in such documents.

"Credit Facility" means a letter of credit, a municipal bond insurance policy, a surety bond, standby bond purchase agreement or other credit enhancement device which is obtained by the City to secure Senior Lien Bonds, and which is issued or unconditionally guaranteed by an entity whose long-term debt obligations or claims-paying ability (as appropriate) are rated, at the time the Credit Facility is issued, in one of the three highest rating categories by a Rating Agency which rated the Senior Lien Bonds secured by the Credit Facility. Under rating systems in effect on the date of this Declaration, a rating in one of the three highest rating categories by a Rating Agency would be a rating of "A" or better.

"Debt Manager" means the Debt Manager of the City, City Treasurer, Chief Financial Officer of the Bureau of Financial Services, the Chief Administrative Officer of the Office of Management and Finance of the City, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Declaration.

"Debt Service" means Senior Lien Bond principal, interest and any premium.

"Declaration" means this Amended and Restated Senior Lien Bond Declaration, as it may be amended from time to time pursuant to Section 8.

"Divide the Taxes Revenues" means the taxes which are divided based on the increase in value of property in the Area and which are payable to the City or the Commission under the provisions of Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457, as those provisions exist on the date of this Declaration. The Divide the Taxes Revenues for the Area are limited to $5,740,000 each Fiscal Year, before reduction for any compression or delinquencies.

"Estimated Average Interest Rate" means the rate calculated pursuant to Section 5.5.

"Estimated Debt Service Requirement" is calculated as provided in Section 5.6.

"Event of Default" refers to an Event of Default listed in Section 9.1 of this Declaration.

"Exchange Agreement" means a swap, cap, floor, collar or similar transaction which includes a written contract between the City and a Reciprocal Payor under which the City is obligated to make one or more City Payments in exchange for the Reciprocal Payor's obligation to pay one or more Reciprocal Payments, and which provides that:

(a) the Reciprocal Payments are to be deposited directly into the Tax Increment Fund; and,

(b) the City is not required to fulfill its obligations under the contract if: (i) the Reciprocal Payor fails to make any Reciprocal Payment; or (ii) the Reciprocal Payor fails to comply with its financial status covenants.

"Federal Interest Subsidy" means an interest subsidy payment that the City is entitled to receive from the United States for Senior Lien Bonds. When calculating Adjusted Maximum Annual Debt Service for any Fiscal Year, the Federal Interest Subsidy shall be determined based on the laws in effect on the date the calculation is made.

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

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

"Incremental Assessed Value" means the difference between the assessed value of property in the Area for a Fiscal Year and the assessed value of property in the Area which is specified in the certified statement for the Area which is filed with the assessor pursuant to ORS 457.430, or as otherwise provided by Oregon law.

"Maximum Indebtedness" means the maximum amount of indebtedness that may be issued under the Plan, as required by ORS 457.190. The Maximum Indebtedness is currently $167,511,000. Maximum Indebtedness does not include indebtedness incurred to refund or refinance existing indebtedness.

"Maximum Tax Increment Revenues" for Fiscal Year 2010-2011 means the amount of $26,575,507; for each subsequent Fiscal Year "Maximum Tax Increment Revenues" means the amount of Maximum Tax Increment Revenues for the prior Fiscal Year adjusted by a percentage change equal to the percentage change in the Incremental Assessed Value from the preceding Fiscal Year.

"Outstanding" refers to all Senior Lien Bonds except those which have been paid, canceled, or defeased, and (for Senior Lien Bonds which must be presented to be paid) those which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to their paying agent.

"Owner" means the person shown on the register maintained by the City or the Paying Agent as the registered owner of a Senior Lien Bond.

"Paying Agent" means the registrar and paying agent for the 2011B Bonds, which, at the time of execution of this Amended and Restated Bond Declaration, is U.S. Bank National Association.

"Payment Date" means a date on which Senior Lien Bond principal or interest are due, whether at maturity or prior redemption.

"Permitted Investments" means any investments in which the City is authorized to invest surplus funds under the laws of the State of Oregon.

"Plan" means the Commission's Oregon Convention Center Urban Renewal Plan, which was first adopted on May 18, 1989, as that plan has been, and may in the future be, amended.

"Qualified Consultant" means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the City for purposes of performing activities specified in this Declaration.

"Rating Agency" means Fitch, Moody's, S&P, or any other nationally recognized financial rating agency which has rated Outstanding Bonds at the request of the City.

"Reciprocal Payment" means scheduled payment to be made to, or for the benefit of, the City under an Exchange Agreement by or on behalf of the Reciprocal Payor, which is either fixed in amount or is determined according to a formula set forth in the Exchange Agreement.

"Reciprocal Payor" means a party to an Exchange Agreement (other than the City) that is obligated to make one or more Reciprocal Payments thereunder, and which is rated in one of the top three rating categories by at least one Rating Agency for its obligations under the Exchange Agreement. Under rating systems in effect on the date of this Declaration, a rating in one of the three highest rating categories by a Rating Agency would be a rating of "A" or better.

"Record Date" for the 2011B Bonds means the last day of the month preceding the Interest Payment Date, whether or not a Business Day.

"Required Levy Amount" means an amount equal to the sum of:

a) the Adjusted Annual Debt Service for that Fiscal Year; plus,

b) any amounts the City reasonably estimates will be required to be deposited into the Senior Lien Reserve Account during that Fiscal Year to restore the balance in any subaccounts in the Senior Lien Reserve Account to their Senior Lien Reserve Requirements; and, minus,

c) the balances in the Senior Lien Debt Service Account and the Subordinate Indebtedness Fund that are available on July 1 of that Fiscal Year and that will be available to pay the Annual Debt Service in that Fiscal Year.

"Security" means the Tax Increment Revenues, any Federal Interest Subsidies, and all amounts in the Tax Increment Fund, except amounts credited to the Senior Lien Reserve Account.

"Senior Lien Bond Fund" means the account of that name in the Tax Increment Fund established in Section 4.1.

"Senior Lien Bonds" means the 2011A Bond, the 2011B Bonds and any Additional Senior Lien Bonds.

"Senior Lien Debt Service Account" means the account of that name in the Senior Lien Bond Fund described in Section 4.2.

"Senior Lien Exchange Agreement" means an Exchange Agreement that qualifies as a Senior Lien Bond pursuant to Section 5.3.

"Senior Lien Reserve Account" means the account of that name in the Senior Lien Bond Fund described in Section 4.3.

"Senior Lien Reserve Requirement" means a requirement that the City establishes for funding a subaccount in the Senior Lien Reserve Account.

"Series" or "Series of Senior Lien Bonds" refers to all Senior Lien Bonds which are issued at one time, pursuant to a single resolution, ordinance, declaration or other authorizing document of the issuer, regardless of variations in maturity, interest rate or other provisions, unless the documents authorizing the Senior Lien Bonds declares them to be part of a separate Series.

"Special Levy" means a city-wide property tax levy for the Area which is authorized by Article XI, Section 11(16) of the Oregon Constitution and ORS 457.435(2)(c), as those provisions exist on the date of this Declaration.

"Supplemental Declaration" means any Declaration amending or supplementing this Declaration, which is adopted in accordance with Section 8.

"Tax Increment Fund" means the special fund established by the City under ORS 457.440(6)(b) to hold the Tax Increment Revenues, which is currently called the Oregon Convention Center Debt Service Fund.

"Tax Increment Revenues" means all revenues from the Divide the Taxes Revenues and the Special Levies, and all earnings on amounts held in the Tax Increment Fund.

"Taxable Bonds" means Senior Lien Bonds which pay interest which is intended to be includable in gross income under the Code.

"Tax-Exempt Bonds" means Senior Lien Bonds which pay interest which is intended to be excludable from gross income under the Code.

"Variable Rate Obligations" means any Senior Lien Bonds issued with a variable, adjustable, convertible, or other similar interest rate which changes prior to the final maturity date of the Bonds, and any City Payments or Reciprocal Payments under a Senior Lien Exchange Agreement for which the interest portion of the payment is based on a rate that changes during the term of the Exchange Agreement.

Section 3. Security for the Senior Lien Bonds.

3.1. The Senior Lien Bonds shall not be general obligations of the City or the Commission. The City and the Commission shall be obligated to pay the Senior Lien Bonds solely from the Security as provided in this Declaration.

3.2. The City hereby irrevocably pledges the Security to pay the Senior Lien Bonds. Pursuant to ORS 287A.310, these pledges shall be valid and binding from the time of the execution of this Declaration. The amounts so pledged and hereafter received by the City shall immediately be subject to the lien of these pledges without any physical delivery or further act.

3.3. When the City and the Commission finalize their budgets for a Fiscal Year the City and the Commission shall reasonably estimate the Divide the Taxes Revenues that the City and the Commission will receive in that Fiscal Year. If the amount of this estimate is less than one hundred five percent (105%) of the Required Levy Amount for that Fiscal Year, then to the extent permitted by law the City and the Commission shall notify the assessors to impose a Special Levy for that Fiscal Year in an amount which the City and the Commission reasonably estimate will result in the City and the Commission receiving Tax Increment Revenues for that Fiscal Year of at least one hundred five percent (105%) of the Required Levy Amount.

3.4. The City will not reduce the Divide the Taxes Collections while any Senior Lien Bonds are Outstanding.

3.5. The provisions of this Declaration shall constitute a contract with the Owners of Senior Lien Bonds, and shall be enforceable by them.

Section 4. The Tax Increment Fund.

The City has previously established the Tax Increment Fund. The Tax Increment Fund shall contain the Senior Lien Bond Fund and the Subordinate Indebtedness Fund. The Senior Lien Bond Fund shall contain the Senior Lien Debt Service Account and the Senior Lien Reserve Account.

4.1. Deposits to the Tax Increment Fund.

(A) Until all Senior Lien Bonds are paid or defeased, each Fiscal Year the City shall deposit all Tax Increment Revenues and Federal Interest Subsidies in the Tax Increment Fund, and shall credit each deposit to the following accounts within the Tax Increment Fund in the following order of priority:

(1) Subject to Section 4.1(B), to the Senior Lien Debt Service Account, until the Senior Lien Debt Service Account contains an amount sufficient to pay the Annual Debt Service for Senior Lien Bonds for that Fiscal Year;

(2) If the City has established a Senior Lien Reserve Requirement for a subaccount in the Senior Lien Reserve Account and the balance in that subaccount is less than its

Senior Lien Reserve Requirement, to the Senior Lien Reserve Account in the amounts required by the documents governing that subaccount; and,

(3) To the Subordinate Indebtedness Fund, any amounts which remain after the foregoing deposits have been made.

(B) Whenever Federal Interest Subsidies are received by the City, if the Senior Lien Debt Service Account already contains amounts sufficient to pay the remaining Annual Debt Service for the Fiscal Year, the City shall nevertheless deposit those Federal Interest Subsidies in the Senior Lien Debt Service Account, but shall release an equal amount of Tax Increment Revenues that were previously deposited in that debt service account, and shall treat the released Tax Increment Revenues as newly received Tax Increment Revenues and shall apply them according to the priorities described in Section 4.1(A).

4.2. Senior Lien Debt Service Account.

(A) Amounts credited to the Senior Lien Debt Service Account shall be used only to pay principal, interest and premium on Senior Lien Bonds.

(B) Amounts credited to the Senior Lien Debt Service Account may be invested in Permitted Investments which mature within one year or in the City's investment pool. Earnings shall be credited as provided in Section 4.5.

(C) On the day any payment of principal, premium or interest on the Senior Lien Bonds is due, if the balance in the Senior Lien Debt Service Account is less than the amount due, the City shall credit to the Senior Lien Debt Service Account from the Subordinate Indebtedness Fund an amount equal to the lesser of the deficiency or the balance in the Subordinate Indebtedness Fund.

(D) If, after the transfer described in Section 4.2(C), the balance in the Senior Lien Debt Service Account is less than the next payment of principal, premium or interest on the Senior Lien Bonds, the City shall allocate that balance among the outstanding Senior Lien Bonds for which a payment is due, *pro rata* based on the amount due, and shall apply those amounts to pay the Senior Lien Bonds to which the amounts were allocated.

(E) If, after the amounts in the Senior Lien Debt Service Account are applied pursuant to Section 4.2(D), a deficiency still remains for Senior Lien Bonds that are secured by subaccounts in the Senior Lien Reserve Account, the City shall apply amounts available in those subaccounts to make the Senior Lien Bond payments that are then due. However, amounts in the subaccounts in the Senior Lien Reserve Account shall be applied only to pay Senior Lien Bonds that are secured by those subaccounts. If amounts available in a subaccount of Senior Lien Reserve Account are not sufficient to make all payments then due on Senior Lien Bonds that are secured by that subaccount, the available amounts shall be applied *pro rata* based on the amounts due.

4.3. Senior Lien Reserve Account.

(A) The City shall create the Senior Lien Reserve Account in the Senior Lien Bond Fund, and may create subaccounts in the Senior Lien Reserve Account to secure Senior Lien Bonds. Before the City issues the first Series of Senior Lien Bonds that is secured by a subaccount in the Senior Lien Reserve Account the City shall:

(1) establish the Senior Lien Reserve Requirement for that subaccount,

(2) determine whether the subaccount will secure one or more Series of Senior Lien Bonds;

(3) determine whether credit facilities and surety bonds may be used to satisfy the Senior Lien Reserve Requirement for that subaccount and specify any rating requirements for such instruments;

(4) establish withdrawal procedures, replenishment requirements, permitted investments, valuation provisions, and other terms and conditions for that subaccount; and,

(5) pledge amounts credited to that subaccount to pay the Senior Lien Bonds that are secured by that subaccount.

(B) The City shall not create any subaccounts in the Senior Lien Reserve Account for any purpose except securing Senior Lien Bonds in accordance with this Declaration.

4.4. Subordinate Indebtedness Fund. Tax Increment Revenues in the Subordinate Indebtedness Fund shall be applied for the following purposes in the following order of priority:

(A) To pay Senior Lien Bonds when due if the balance in the Senior Lien Debt Service Account is not sufficient;

(B) For transfer to subaccounts in the Senior Lien Reserve Account as required by the documents creating the subaccounts in the Senior Lien Reserve Account; and,

(C) For any legal purpose permitted under Chapter 457 of the Oregon Revised Statutes.

4.5. Earnings. Except as provided below in this Section 4.5, earnings on all funds and accounts in the Tax Increment Fund shall be credited to the Subordinate Indebtedness Fund.

(A) If the balance in one or more subaccounts in the Senior Lien Reserve Account is less than its Senior Lien Reserve Requirement, then unless otherwise provided in the documents creating the subaccount, earnings on all accounts in the Tax Increment Fund shall be credited to the deficient subaccounts in the Senior Lien Reserve Account, *pro rata* based on the amounts of the deficiencies.

Section 5. Additional Senior Lien Bonds.

5.1. Except as provided in Section 5.2, the City may issue Additional Senior Lien Bonds only if all of the following conditions are met:

(A) As of the date of Closing of the Additional Senior Lien Bonds, no Event of Default as defined under this Declaration, has occurred and are continuing.

(B) On or before the date of Closing of the Additional Senior Lien Bonds the City provides either:

(1) a certificate of the Debt Manager stating that the Tax Increment Revenues for the Base Period at least equaled one hundred ten percent (110.00%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Senior Lien Bonds, with the proposed Additional Senior Lien Bonds treated as Outstanding; or,

(2) a certificate or opinion of a Qualified Consultant:

(a) stating the projected amount of the Maximum Tax Increment Revenues for the Fiscal Year in which the proposed Additional Senior Lien Bonds are issued and the projected amount of the Maximum Tax Increment Revenues for each of the four Fiscal Years after the Fiscal Year in which the proposed Additional Senior Lien Bonds are issued;

(b) concluding that the respective amounts of projected Maximum Tax Increment Revenues in each of the Fiscal Years described in Section 5.1(B)(2)(a) are at least equal to one hundred thirty percent (130.00%) of the Adjusted Annual Debt Service for each of those respective Fiscal Years on all Outstanding Senior Lien Bonds, with the proposed Additional Senior Lien Bonds treated as Outstanding;

(c) stating the projected amount of the Maximum Tax Increment Revenues for the fifth Fiscal Year after the Fiscal Year in which the Additional Senior Lien Bonds are issued; and,

(d) concluding that this amount described in Section 5.1(B)(2)(c) is at least equal to one hundred thirty percent (130.00%) of the Adjusted Maximum Annual Debt Service on all Outstanding Senior Lien Bonds, with the proposed Additional Senior Lien Bonds treated as Outstanding.

5.2. The City may issue Additional Senior Lien Bonds to refund Outstanding Senior Lien Bonds without complying with Section 5.1 if:

(A) the refunded Senior Lien Bonds are defeased on the date of delivery of the refunding Additional Senior Lien Bonds; and,

(B) the Adjusted Annual Debt Service on the refunding Additional Senior Lien Bonds does not exceed the Adjusted Annual Debt Service on the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000.

In addition to allowing refunding of maturities of Senior Lien Bonds which are not Balloon Payments, this Section 5.2 is intended to allow Senior Lien Bonds which comprise a Balloon Payment to be refunded with Additional Senior Lien Bonds when the Adjusted Annual Debt Service on the refunding Additional Senior Lien Bonds does not exceed the Balloon Debt Service Requirement for the refunded Senior Lien Bonds in any Fiscal Year by more than $5,000.

5.3. An Exchange Agreement may be a Senior Lien Exchange Agreement and Additional Senior Lien Bonds if the obligation to make City Payments under the Exchange Agreement qualifies as Additional Senior Lien Bonds under Section 5, after the Reciprocal Payments under the Exchange Agreement are applied to adjust Annual Debt Service. Any Senior Lien Exchange Agreement shall clearly state that it is a Senior Lien Exchange Agreement and has qualified as Additional Senior Lien Bonds under Section 5 of this Declaration. In addition, the City may replace a Senior Lien Exchange Agreement with another Senior Lien Exchange Agreement without qualifying the replacement Exchange Agreement under Section 5 if the replacement does not increase the Annual Debt Service in any Fiscal Year by more than $5,000.

5.4. All Additional Senior Lien Bonds issued in accordance with this Section 5 shall have a lien on the Tax Increment Revenues and Federal Interest Subsidies which is equal to the lien of all other Outstanding Senior Lien Bonds.

5.5. The Estimated Average Interest Rate for Variable Rate Obligations shall be calculated as provided in this Section.

(A) For purposes of calculating Annual Debt Service for determining compliance with any subsection of Section 7: the Estimated Average Interest Rate for Tax-Exempt Bonds means the average SIFMA Index for the 52 week period that ends on or immediately before the end of the month preceding the month in which the calculation is made, expressed as an annualized interest rate, plus fifty basis points (0.50%); and the Estimated Average Interest Rate for Taxable Bonds means the average One Month LIBOR Rate for the 52 week period that ends on or immediately before the end of the month preceding the month in which the calculation is made, expressed as an annualized interest rate, plus fifty basis points (0.50%). For purposes of this section "One Month LIBOR Rate" means the British Banker's Association average of interbank offered rates in the London market for United States Dollar deposits for a one month period as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the City.

(B) For purposes of calculating Annual Debt Service for the tests for issuing Additional Senior Lien Bonds under Section 5:

(1) Unless Section 5.5(B)(2) applies, the Estimated Average Interest Rate for any Series of Variable Rate Obligations: (i) that are Tax-Exempt Bonds means the average of the weekly Bond Buyer 20 Bond Index for the 52 week period that ends on or immediately before the last day of the month that precedes the month in which the Additional Senior Lien Bonds is sold, expressed as an annualized interest rate; and (ii) that are Taxable Bonds means the average rate on United States Treasury bills maturing in ten years, as reported in the Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the City, for the 52 week period that ends on or immediately before the last day of the month that precedes the month in which the Additional Senior Lien Bonds is sold, expressed as an annualized interest rate, plus two percent (2.00%).

(2) For any Series of Variable Rate Obligations that have been outstanding for at least 52 weeks at the end of the period described in Section 5.5(B), if the actual, annualized rate on that Series during that 52 week period is greater than the average, annualized rate described in Section 5.5(B), the Estimated Average Interest Rate for that Series means the average of the actual rates on that Series during that 52 week period, expressed as an annualized interest rate.

(C) If a subaccount in the Senior Lien Reserve Account is created and that subaccount may secure Senior Lien Bonds that are Variable Rate Obligations, the documents creating that subaccount shall specify the Senior Lien Reserve Requirement for those Variable Rate Obligations.

5.6. The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 5.6.

(A) Whenever a Balloon Payment will be Outstanding on the date a Series of Additional Senior Lien Bonds is issued, the Debt Manager shall prepare a schedule of principal and interest payments for a hypothetical Series of Additional Senior Lien Bonds that refunds each Outstanding Balloon Payment in accordance with this Section 5.6. The Debt Manager shall prepare that schedule as of the date the Additional Senior Lien Bonds is sold, and that schedule shall be used to determine compliance with the tests for Additional Senior Lien Bonds in Section 5.

(B) Each hypothetical Series of refunding Additional Senior Lien Bonds shall be assumed to be paid in equal annual installments of principal and interest sufficient to amortize the principal amount of the Balloon Payment over the term selected by the Debt Manager; however, the Debt Manager shall not select a term that exceeds the lesser of 20 years from the date on which the Series of Additional Senior Lien Bonds containing the Balloon Payment is issued or the City's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The annual installments shall be assumed to be due on the first day of each Fiscal Year, with the first installment due at least six months after the date on which the Estimated Debt Service Requirement is calculated.

(C) The hypothetical Series of refunding Additional Senior Lien Bonds shall be assumed to bear interest at the Debt Manager's estimate of the average rate that a Series of Additional Senior Lien Bonds would bear if it is amortized as provided in Section 5.6(B) and is sold at the time the schedule described in Section 5.6(A) is prepared.

Section 6. Subordinate Obligations.

The City may issue Subordinate Obligations only if the Subordinate Obligations comply with the requirements of this Section 6. Subordinate Obligations shall not be payable from any account of the Tax Increment Fund except the Subordinate Indebtedness Fund or an account in the Subordinate Indebtedness Fund. All Senior Lien Bonds must state clearly that:

6.1. They are secured by a lien on or pledge of the Tax Increment Revenues which is subordinate to the lien on, and pledge of, the Tax Increment Revenues for the Senior Lien Bonds; and,

6.2. They are not payable from any account of the Tax Increment Fund except from Tax Increment Revenues that are available in the Subordinate Indebtedness Fund.

Section 7. General Covenants.

The City hereby covenants and agrees with the Owners of all Outstanding Senior Lien Bonds as follows:

7.1. The City shall promptly cause the principal, premium, if any, and interest on each Series of Senior Lien Bonds to be paid as they become due in accordance with the provisions of this Declaration and any Supplemental Declaration, but solely from the Security.

7.2. The City shall maintain complete books and records relating to the Tax Increment Fund, the Tax Increment Revenues and the Senior Lien Bonds in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year as required by law, and will make the audits available for inspection by the Owners.

7.3. The City may not issue obligations that have a lien on the Security that is superior to the lien that secures the Senior Lien Bonds.

7.4. The City may issue Additional Senior Lien Bonds only as provided in Section 5 of this Declaration.

7.5. The City shall refinance or otherwise provide for the payment of any Balloon Payments not later than the date on which the Balloon Payments are actually due.

7.6. Before the City or the Commission reduces the Area the Debt Manager shall project the Maximum Tax Increment Revenues which will be available from the Area after it is reduced. Neither the City nor the Commission shall reduce the Area unless the Debt Manager reasonably projects that the Area, after the reduction, will have Maximum Tax Increment Revenues which are at least equal to one hundred thirty percent (130.00%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Senior Lien Bonds (calculated as if all Outstanding Senior Lien Bonds were part of a single Series).

7.7. The City shall not take any action which would cause the Plan to cease to qualify as an "existing urban renewal plan" as defined in ORS Chapter 457, or which would cause the Commission or the City to cease to be able to levy or collect the Special Levy.

7.8. The City and the Commission may approve, grant or provide property tax exemptions, or programs that provide property tax exemptions, that affect property in the Area without limitation, but only if the programs providing those exemptions:

(A) Are in effect on the date of this Declaration;

(B) Replace or renew programs that are in effect on the date of this Declaration; or,

(C) Only grant exemptions for the value of newly constructed property.

7.9. Except as provided in Section 7.8, neither the City nor the Commission shall approve, grant or provide any "Nondiscretionary Exemption Program" (as defined below in this Section 7.9 which causes the Maximum Tax Increment Revenues that will be available from the Area after the program is in effect, as reasonably projected by the Debt Manager, to fall below one hundred thirty percent (130.00%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Bonds (calculated as if all Outstanding Bonds were part of a single Series). "Nondiscretionary Exemption Program" means a property tax exemption program that affects property in the Area and that grants any person the right to receive a property tax exemption for property in the Area without subsequent, discretionary approval of that exemption by the City pursuant to Section 7.10.

7.10. Except as provided in Section 7.8, neither the City nor the Commission shall approve, grant or provide any "Discretionary Property Tax Exemption" (as defined below in this Section 7.10, which causes the Maximum Tax Increment Revenues that will be available from the Area after the exemption is in effect, as reasonably projected by the Debt Manager, to drop below one hundred thirty percent (130.00%) of the Adjusted Maximum Annual Debt Service on all then Outstanding Senior Lien Bonds (calculated as if all Outstanding Senior Lien Bonds were part of a single Series). "Discretionary Property Tax Exemption" means any property tax exemption which the City has the ability to deny because of its impact on Maximum Tax Increment Revenues.

Section 8. Amendment of Declaration.

8.1. The City may enact a Supplemental Declaration to amend this Declaration without the consent of any Owner of Senior Lien Bonds for any one or more of the following purposes:

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

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

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

(D) To issue Additional Senior Lien Bonds;

(E) To authorize Senior Lien Exchange Agreements, and specify the rights and duties of the parties to a Senior Lien Exchange Agreement; or,

(F) To make any other change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners of Senior Lien Bonds.

8.2. The City may amend this Declaration for any other purpose, but only if the City obtains the consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected Senior Lien Bonds then Outstanding in accordance with Section 10. However, no amendment shall be valid which:

(A) Extends the maturity of any Senior Lien Bonds, reduces the rate of interest on any Senior Lien Bonds, extends the time of payment of interest on any Senior Lien Bonds, reduces the amount of principal payable on any Senior Lien Bonds, or reduces any premium payable on any Senior Lien Bonds, without the consent of all affected Owners of Senior Lien Bonds; or

(B) Reduces the percent of Owners required to approve Supplemental Declarations.

Section 9. Default and Remedies.

9.1. The occurrence of one or more of the following shall constitute an Event of Default under this Declaration:

(A) Failure by the City to pay Senior Lien Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Senior Lien Bond has been properly called for redemption) as required by this Declaration;

(B) Failure by the City to observe and perform any covenant, condition or agreement which this Declaration requires the City to observe or perform for the benefit of Owners of Senior Lien Bonds, which failure continues for a period of 60 days after written notice to the City by the Owners of ten percent or more of the principal amount of Senior Lien Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph 9.1(B); or,

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

9.2. The Owners of ten percent or more of the principal amount of Senior Lien Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 9.1(A).

9.3. Upon the occurrence and continuance of any Event of Default hereunder the Owners of ten percent or more of the principal amount of affected Senior Lien Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Senior Lien Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Declaration or in aid of the exercise of any power granted in this Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Senior Lien Bonds by this Declaration or by law. However, the Senior Lien Bonds shall not be subject to acceleration; and, neither the City nor the Commission shall be required to pay any amounts to Owners (other than the Security) because of an Event of Default described in Section 9.1(A) which occurs because of an insufficiency of the Security.

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

Section 10. Ownership of Senior Lien Bonds.

10.1. For purposes of determining the percentage of Senior Lien Bond Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Declaration:

(A) the initial purchaser of a Series of Senior Lien Bonds may be treated as the Owner of that Series at the time that Series is delivered in exchange for payment; and,

(B) the issuer of a Credit Facility which is obligated to pay all principal and interest due on one or more Senior Lien Bonds may be treated as the Owner of all Senior Lien Bonds secured by that Credit Facility.

10.2. For purposes of determining the percentage of Senior Lien Bond Owners taking action under this Declaration, the Owners of Senior Lien Bonds which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Senior Lien Bonds in an aggregate principal amount equal to the accreted value of such Senior Lien Bonds as of the date the Paying Agent sends out notice of requesting consent, waiver or other action as provided herein.

Section 11. Defeasance.

The City shall be obligated to pay any Senior Lien Bonds which are defeased in accordance with this Section 11 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 11. Senior Lien Bonds shall be deemed defeased if the City:

11.1. irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of Senior Lien Bonds which are to be defeased; and,

11.2. files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Senior Lien Bonds when due.

Section 12. Rules of Construction.

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

12.1. References to section numbers shall be construed as references to sections of this Declaration.

12.2. References to one gender shall include all genders.

12.3. References to the singular include the plural, and references to the plural include the singular.

Section 13. The 2011A Bond.

13.1. Form of 2011A Bond.

The 2011A Bond shall be initially issued in the form of a single installment bond which shall be in substantially the form of Appendix A to this Declaration, with such changes as may be approved by the Debt Manager. The 2011A Bond shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

13.2. No 2011A Reserve Subaccount. No subaccount in the Senior Lien Reserve Account is being created for the 2011A Bond, and the City is not required to deposit or maintain any amount in the Senior Lien Reserve Account for the 2011A Bond.

Section 14. The 2011B Bonds.

14.1. The 2011B Bonds shall be dated July 6, 2011, shall bear interest which is payable on June 15 and December 15 of each year, commencing December 15, 2011, and shall mature on the following dates in the following principal amounts:

Date (June 15)	Principal Amount ($)	Interest Rate (%)
2012	$ 490,000	2.000%
2013	420,000	3.000%
2014	3,260,000	4.000%
2015	3,785,000	4.000%
2016	3,935,000	5.000%
2017	4,130,000	5.000%
2018	4,335,000	5.000%
2019	4,550,000	5.000%
2020	4,780,000	5.000%

14.2. Tax Status. The 2011B Bonds shall be Tax-Exempt Bonds.

14.3. Not Secured by Reserve. No subaccount in the Senior Lien Reserve Account is being created for the 2011B Bonds, and the City is not required to deposit or maintain any amount in the Senior Lien Reserve Account for the 2011B Bonds.

14.4. Redemption. The 2011B Bonds are not subject to optional or mandatory redemption prior to maturity.

14.5. Book Entry System.

(A) The 2011B Bonds shall be initially issued in BEO form and shall be governed by this Section 14.5. While the 2011B Bonds are in BEO form no physical bonds shall be provided to the Owners. An official of the City has executed and delivered a blanket letter of representations to DTC. While the 2011B Bonds are in BEO form, registration and transfer of beneficial interests in the 2011B Bonds shall be governed by that letter and the operational arrangements of DTC, as they may be amended from time to time, as provided in the blanket issuer letter of representations. So long as the 2011B Bonds are in BEO form DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to the Owners of the Bonds. 2011B Bond payments shall be made, and notices shall be given, to DTC in accordance with the letter of representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2011B Bonds or of any other action premised on such notice.

(B) The City may discontinue maintaining the 2011B Bonds in BEO form at any time. The City shall discontinue maintaining the 2011B Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2011B Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

(C) If the City discontinues maintaining the 2011B Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2011B Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 14.6 below, regarding registration, transfer and exchange of 2011B Bonds shall apply.

(D) The City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

(1) the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the 2011B Bonds;

(2) the delivery to any participant or correspondent or any other person of any notice with respect to the 2011B Bonds, including any notice of prepayment;

(3) the selection by DTC of the beneficial interest in 2011B Bonds to be redeemed prior to maturity; or

(4) the payment to any participant, correspondent, or any other person other than the registered owner of the 2011B Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal, any premium or interest on the 2011B Bonds.

(E) The provisions of this 14.5 may be modified without the consent of the beneficial owners in order to conform this 14.5 to the standard practices of DTC or any successor depository for bonds issued in book-entry only form.

14.6. Authentication, Registration and Transfer.

(A) No Bond shall be entitled to any right or benefit under this Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2011B Bonds to be delivered at the closing of the 2011B Bonds, and shall additionally authenticate all 2011B Bonds properly surrendered for exchange or transfer pursuant to this Declaration.

(B) The ownership of all 2011B Bonds shall be entered in the Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as Owner in the Bond register as the Owner of the Bond for all purposes.

(C) While the 2011B Bonds are in book-entry only form, the Paying Agent shall transfer Bond principal and interest payments in the manner required by DTC.

(D) If the 2011B Bonds cease to be in book-entry only form, the Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the Owners as they appear on the Bond register as of the Record Date for the 2011B Bonds. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

(E) 2011B Bonds may be exchanged for an equal principal amount of 2011B Bonds of the same maturity which are in different denominations, and 2011B Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent: written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent, and the 2011B Bonds to be exchanged or transferred.

(F) The Paying Agent shall not be required to exchange or transfer any 2011B Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such 2011B Bonds shall be exchanged or transferred promptly following that payment date.

(G) The Paying Agent shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond register.

(H) For purposes of this Section 14.6, 2011B Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in 14.6(E), above.

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

14.7. Form, Execution and Authentication.

The 2011B Bonds shall be in substantially the form attached hereto as Appendix B, with such changes as may be approved by the Debt Manager. The 2011B Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Dated as of this 6th day of July, 2011.

City of Portland, Oregon

By: B. Jonas Biery

B. Jonas Biery, Debt Manager

Appendix A

Form of 2011A Bond

No. R-1 $7,540,000

United States of America
State of Oregon
City of Portland
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bond
2011 Series A (Federally Taxable)

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the sources described below and in the Bond Declaration for this 2011A Bond dated May 19, 2011 (the "Declaration"), to Bank of America, N.A. (the "Bank"), the aggregate principal amount of $7,540,000 in the following installments, together with interest on those installments, as follows:

Date	Principal	Coupon	Interest	Total P+I
12/15/2011			$99,234.78	$99,234.78
06/15/2012	$3,835,000.00	2.300%	86,710.00	3,921,710.00
12/15/2012			42,607.50	42,607.50
06/15/2013	3,705,000.00	2.300%	42,607.50	3,747,607.50
Total	**$7,540,000**	-	**$271,159.78**	**$7,811,159.78**

Interest is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2011, and shall be computed on the basis of 30 day months over a 360 day year.

This 2011A Bond is issued pursuant to City Ordinance No. 184513, which was adopted on April 13, 2011 and the Declaration. This 2011A Bond is sold to the Bank pursuant to a bond purchase agreement (the "Agreement") dated May 19, 2011. Capitalized terms used in this 2011A Bond have the meanings defined for such terms in the Declaration.

This 2011A Bond is issued by the City for the purpose of refinancing the City's outstanding Urban Renewal and Redevelopment Bonds, 2000 Series B for the Oregon Convention Center Urban Renewal Area (the "Area") in full and strict accordance and compliance with all of the provisions of the Constitution and statutes of the State of Oregon.

This 2011A Bond is a special obligation of the City, payable solely from Security. The pledge on the Tax Increment Revenues that secures the 2011A Bond is subordinate to the pledge of the Tax Increment Revenues that secures the Prior Lien Bonds. The City has reserved the rightto issue additional Prior Lien Bonds and obligations on a parity lien with the 2011A Bond, as provided in the Declaration. The City also has the right to issue obligations which have a subordinate lien on the Tax Increment Revenues.

THIS 2011A BOND IS NOT A GENERAL OBLIGATION OF THE CITY AND IS PAYABLE SOLELY FROM THE SECURITY, AS PROVIDED IN THE DECLARATION.

This 2011A Bond is prepayable on any business day upon three business days notice to the Bank. The City shall be required to pay the Bank, upon prepayment of all or part of the principal amount before final maturity, a Prepayment Fee equal to the maximum of: (a) zero, or (b) that amount, calculated on any prepayment date, which is derived by subtracting: (a) the principal amount of this 2011A Bond or portion of this 2011A Bond to be prepaid from (b) the Net Present Value of this 2011A Bond or portion of this 2011A Bond to be prepaid on such date of prepayment. Definitions and further provisions related to the Prepayment Fee are indented below.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by the Bank over the shorter of the remaining contractual life of this 2011A Bond or next repricing date if the Bank had instead initially invested this 2011A Bond proceeds at the Initial Money Market Rate. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Initial Money Market Rate" shall mean the rate per annum, determined solely by the Bank, on the first day of the term of this 2011A Bond or as mutually agreed upon by the City and the Bank, as the rate at which the Bank would be able to borrow funds in Money Markets for the amount of this 2011A Bond and with an interest payment frequency and principal repayment schedule equal to this 2011A Bond and for a term as may be arranged and agreed upon by the City and the Bank. Such a rate shall include FDIC insurance, reserve requirements and other explicit or implicit costs levied by any regulatory agency. TheCity acknowledges that the Bank is under no obligation to actually purchase and/or match funds for the Initial Money Market Rate of this 2011A Bond.

"Money Market Rate At Prepayment" shall mean that zero-coupon rate, calculated on the date of prepayment, and determined solely by the Bank, as the rate in which the Bank would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective 2011A Bond payment or repricing date. Such a rate shall include FDIC insurance, reserve requirements and other explicit or implicit costs levied by any regulatory agency. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding mechanisms available to the Bank, including negotiable certificates of deposit, eurodollar deposits, bank notes, fed funds, interest rate swaps, or others.

In calculating the amount of the Prepayment Fee, the Bank is hereby authoized by the City to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as the Bank may deem appropriate. If the City fails to pay any Prepayment Fee when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the rate specified in this 2011A Bond (computed on the basis of a 30-day month/360-day year). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least $100,000 or if less, the remaining entire principal balance of this 2011A Bond.

Prepayments by the City to the Bank shall be applied first to pay accrued interest, and second to prepay this 2011A Bond principal (in inverse order of maturity).

Any transfer of this 2011A Bond must be registered with the City and the City may treat the person in whose name this 2011A Bond is registered as its absolute owner for all purposes.

The Owner may exchange or transfer any 2011A Bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the City and duly executed by the Owner or his o her duly authorized attorney.

Interest on this 2011A Bond is includable in gross income under the Internal Revenue Code of 1986, as amended. Interest on this 2011A Bond is exempt from Oregon personal income taxation.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this 2011A Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and statutes of the State of Oregon and the Charter of the City; and that this 2011A Bond, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution and statutes.

IN WITNESS WHEREOF, the City has caused this 2011A Bond to be signed by the facsimile signature of its Mayor and countersigned by facsimile signature of its Auditor, and has caused a facsimile of the corporate seal of the City to be imprinted hereon, all as of the date first above written.

City of Portland, Oregon

Sam Adams, Mayor

LaVonne Griffin-Valade, Auditor

Attest:

B. Jonas Biery, Debt Manager

Appendix B
Form of 2011B Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Oregon Convention Center Senior Lien Urban Renewal and RedevelopmentRefunding Bonds
2011 Series B (Tax-Exempt)

Dated Date: _________, 2011
Interest Rate Per Annum: «CouponRate»%
Maturity Date: _______«MaturityYear»
CUSIP Number: 736746«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, but solely from the sources named below, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the 15th day of June and the 15th day of December in each year until maturity, commencing December 15, 2011. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the City maintained by the City's paying agent and registrar, which is currently U.S. Bank National Association, in Portland, Oregon (the "Paying Agent"), as of the close of business on the 1st day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating $29,685,000 in principal amount designated as Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B (Tax-Exempt) (the "Bonds"). The Bonds are issued for the purpose of refinancing urban renewal projects within the Oregon Convention Center Urban Renewal Area. The Bonds are authorized by City Ordinance No. 184513 adopted April 13, 2011 (the "Ordinance"), Oregon Revised Statutes Chapter 457 and an Amended and Restated Senior Lien Bond Declaration (the "Declaration") executed by the City's Debt Manager pursuant to the Ordinance. The provisions of the Ordinance and the Declaration are hereby incorporated into this Bond by reference. The Bonds are issued in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

The Bonds constitute valid and legally binding special obligations of the City which are payable solely from the Tax Increment Revenues of the Oregon Convention Center Urban Renewal Area and the other amounts constituting the Security, as defined and provided in the Declaration.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE CITY WHICH IS SECURED SOLELY BY AND PAYABLE SOLELY FROM THE OREGON CONVENTION CENTER TAX INCREMENT REVENUES AND OTHER AMOUNTS CONSTITUTING THE "SECURITY" AS DEFINED AND PROVIDED IN THE DECLARATION. THIS BOND IS NOT A GENERAL OBLIGATION OF THE CITY OR THE

COMMISSION, AND IS NOT SECURED BY OR PAYABLE FROM ANY FUNDS OR REVENUES OF THE CITY OR THE COMMISSION EXCEPT THE SECURITY.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. Records of ownership of beneficial interests in the Bonds will be maintained by The Depository Trust Company and its participants.

Should the book-entry only security system be discontinued, the Bonds shall be issued in he form of registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount and maturity date, but different authorized denominations, as provided in the Declaration.

The Bonds are not subject to optional or mandatory redemption prior to maturity.

Any transfer of this Bond must be registered, as provided in the Declaration, upon the Bond register kept for that purpose by the Registrar. Upon registration, a new registered Bond or Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Declaration. The Registrar and the City may treat the person in whose name this Bondis registered as its absolute owner for all purposes, as provided in the Declaration.

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

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

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

City of Portland, Oregon

Sam Adams, Mayor

LaVonne Griffin-Valade, Auditor

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of $29,685,000 aggregate principal amount of City of Portland, Oregon Convention Center Senior Lien Urban Renewal and RedevelopmentRefunding Bonds, 2011 Series B (Tax-Exempt) issued pursuant to the Declaration described herein.

Date of Authentication: ________________, 2011.

U.S. Bank National Association, as Paying Agent

____

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ________________

____

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

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

Dated:______________________________

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

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

Signature Guaranteed

____
(Bank, Trust Company or Brokerage Firm)

____
Authorized Officer

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

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

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

CITY OF PORTLAND, OREGON

1851

APPENDIX B
FIRST SUPPLEMENTAL SENIOR LIEN BOND DECLARATION

CITY OF PORTLAND, OREGON
1851

FIRST SUPPLEMENTAL SENIOR LIEN BOND DECLARATION

City of Portland, Oregon

Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series A (Federally Taxable)
2012 Series B (Tax-Exempt)

Executed by the Debt Manager of the City of Portland, Oregon

As of this __ day of ____, 2012

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

First Supplemental Senior Lien Bond Declaration

THIS FIRST SUPPLEMENTAL SENIOR LIEN BOND DECLARATION supplements the Amended and Restated Senior Lien Bond Declaration that is dated as of July 6, 2011, and is executed by the Debt Manager of the City of Portland, Oregon as of ____, 2012, pursuant to the authority granted to the Debt Manager by City Ordinance No. ____.

Section 1. Recitals.

The City recites:

1.1. In its Resolution No. ____, adopted on ____, 2012, the Portland Development Commission has requested the City to issue the tax increment bonds pursuant to Section 15-106 of the City Charter to prepay an outstanding line of credit and to borrow an additional amount that does not exceed the remaining maximum indebtedness for the Oregon Convention Center Urban Renewal Area.

1.2. In its Ordinance No. ___, adopted on ____, 2012, the Portland City Council authorized the City to issue tax increment bonds pursuant to Section 15-106 of the City Charter to prepay an outstanding line of credit and to borrow an additional amount that does not exceed the remaining maximum indebtedness for the Oregon Convention Center Urban Renewal Area.

1.3. In City Ordinance No. 172389 the City chose Option Three for the Oregon Convention Center Urban Renewal Area as provided in ORS 457.435(2)(c), and has limited Divide the Taxes Revenues to $5,740,000 in each Fiscal Year. The Portland Development Commission and the City are authorized to notify the county assessor to impose the Special Levies described in ORS 457.435(2)(c) and ORS 457.440(2)(c).

1.4. In City Ordinance No. 172354 the City approved a maximum indebtedness limit for the Oregon Convention Center Area of $167,511,000. The City has issued approximately $118 million (including the amount of the line of credit that will beprepay), and is issuing an additional amount of $______, leaving approximately $_____ of unissued maximum indebtedness remaining. An amount of $____ of the 2012 Bonds are issued to prepaypreviously issued indebtedness, and does not count as additional indebtedness under the maximum indebtedness limit.

1.5. The City is authorized by ORS 457.440(11) to take any actions that its urban renewal agency is authorized to take.

1.6. The City executes this First Supplemental Declaration to memorialize the terms under which the 2012 Bonds are issued. The 2012 Bonds are issued as Additional Senior Lien Bonds under the City's Amended and Restated Senior Lien Bond Declaration that is dated as of July 6, 2011 (the "Amended and Restated Bond Declaration"), on a parity with the City's outstanding Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bond, 2011 Series A (Federally Taxable) and the City's Oregon Convention Center Senior Lien Urban

Renewal and Redevelopment Refunding Bonds, 2011 Series B (Tax-Exempt). The City has sold the 2012 Bonds to Citigroup Global Markets, Inc., as representative of the underwriters, pursuant to a Bond Purchase Agreement which is dated ____, 2012.

Section 2. Definitions.

Capitalized terms used in this First Supplemental Declaration shall have the meanings defined for those terms in this Section 2 unless the context clearly requires otherwise. Capitalized terms that are used in this First Supplemental Declaration but are not defined in this Section 2 shall have the meanings defined for such terms in the Amended and Restated Bond Declaration, unless the context clearly requires otherwise.

"2012A Bond" means the City's Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2012 Series A (Federally Taxable) which are described in Section 4 of this First Supplemental Declaration.

"2012B Bonds" means the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax-Exempt) which are described in Section 5 of this First Supplemental Declaration.

"2012 Bonds" means the 2012A Bonds and the 2012B Bonds.

"Amended and Restated Bond Declaration" means the Amended and Restated Senior Lien Bond Decalration dated as of July 6, 2011.

"Declaration" means the Amended and Restated Bond Declaration, as supplemented and amended by this First Supplemental Decalration and as may be amended and supplemented from time to time pursuant to Section 8 of the Amended and Restated Bond Declaration.

"First Supplemental Declaration" means this First Supplemental Senior Lien Bond Declaration that is executed in connection with the 2012 Bonds.

"Record Date" when used in connection with the 2012 Bonds, means the last Business Day of the calendar month immediately preceding each 2012 Bond Payment Date.

Section 3. 2012 Bonds are Additional Senior Lien Bonds.

The City executes this First Supplemental Declaration to supplement the Amended and Restated Bond Declaration pursuant to its Section 8.1(D) to describe the 2012 Bonds and provide that the 2012 Bonds will be issued as Additional Senior Lien Bonds.

Section 4. The 2012A Bonds.

4.1. The 2012A Bonds are issued under the Declaration as Additional Senior Lien Bonds, are dated ___, 2012, bear interest which is payable on June 15 and December 15 of each year, commencing December 15, 2012, and mature on the following dates in the following principal amounts:

<u>Date (June 15)</u>	<u>Principal Amount ($)</u>	<u>Interest Rate (%)</u>

4.1. Tax Status. The 2012A Bonds are Taxable Bonds.

4.2. Not Secured by Reserve. No subaccount in the Senior Lien Reserve Account is being created for the 2012A Bonds, and the City is not required to deposit or maintain any amount in the Senior Lien Reserve Account for the 2012A Bonds.

4.3. Par Optional Redemption. The 2012A Bonds maturing on or after June 15, ___, are subject to optional redemption at the election of the City prior to their maturity date, or any date on or after June 15, ________, in whole or in part (and if in part, in integral multiples of $5,000), at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

4.4. Make-Whole Optional Redemption. The 2012A Bonds are subject to optional redemption by the State prior to their stated maturity dates, as a whole or in part, on any business day, at the "Make-Whole Redemption Price," plus accrued and unpaid interest on the 2012A Bonds to be redeemed on the date fixed for redemption. The following definitions shall apply to the terms used in this 4.4:

(A) The "Make-Whole Redemption Price" is the greater of (i) 100 percent of the principal amount of the 2012A Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2012A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2012A Bonds are to be redeemed, discounted to the date on which the 2012A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus basis points.

(B) "Treasury Rate" means, with respect to any redemption date for a 2012A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

(C) "Comparable Treasury Issue" means, with respect to any redemption date for a 2012A Bond, the United States Treasury security or securities selected by the

Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the 2012A Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the 2012A Bond to be redeemed.

(D) "Comparable Treasury Price" means, with respect to any redemption date for a 2012A Bond:

(1) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or

(2) if the yield described in (1) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

(E) "Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the State.

(F) "Reference Treasury Dealer" means each of four firms, specified by the State from time to time, that are primary United States Government securities dealers in the City of New York (each, a "Primary Treasury Dealer"); provided, that if any of them ceases to be a Primary Treasury Dealer, the State is to substitute another Primary Treasury Dealer.

(G) "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a 2012A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the Valuation Date.

(H) "Valuation Date" means a date selected by the State which is at least three (3) Business Days but not more than twenty (20) calendar days preceding the date on which the Paying Agent is required to give notice of redemption pursuant to Section 6.3.

4.5. Selection of 2012A Bonds for Redemption.

(A) If the 2012ABonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2012 Series A Bonds shall be effected by the Paying Agent among owners on a pro-rata basis subject to minimum Authorized

Denominations. The particular 2012A Bonds to be redeemed shall be determined by the Paying Agent, using such method as it shall deem fair and appropriate.

(B) If the 2012A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2012A Bonds, if less than all of the 2012A Bonds of a maturity are called for prior redemption, the particular 2012A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2012A Bonds are held in book-entry form, the selection for redemption of such 2012A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that at issuance provided for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2012A Bonds shall be selected for redemption by lot in accordance with DTC procedures. Redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the State and the Beneficial Owners are to be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. If the DTC operational arrangements do not allow for the redemption of the 2012A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the 2012A Bonds shall be selected for redemption by lot in accordance with DTC procedures.

Section 5. The 2012B Bonds.

5.1. The 2012B Bonds are issued under the Declaration as Additional Senior Lien Bonds, are dated ____, 2012, bear interest which is payable on June 15 and December 15 of each year, commencing December 15, 2012, and mature on the following dates in the following principal amounts:

Date (June 15)	Principal Amount ($)	Interest Rate (%)

5.2. Tax Status. The 2012B Bonds are Tax-Exempt Bonds.

5.3. Not Secured by Reserve. No subaccount in the Senior Lien Reserve Account is being created for the 2012B Bonds, and the City is not required to deposit or maintain any amount in the Senior Lien Reserve Account for the 2012B Bonds.

5.4. Optional Redemption. The 2012B Bonds maturing on or after June 15, ___ are subject to optional redemption at the election of the City, prior to their respective maturity dates, on any date on or after June 15, ______, in whole or in part (and if in part, from the maturities selected by the City and by lot within a maturity in integral multiples of $5,000), at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

Section 6. Administrative Provisions for the 2012 Bonds.

6.1. Payment of 2012 Bonds. Principal of and interest on the 2012 Bonds shall be payable through the principal office of the Paying Agent. The 2012 Bonds shall be special obligations of the City, and shall be payable solely from the Security. The City hereby irrevocably pledges the Security to pay the 2012 Bonds. Pursuant to ORS 287A.310, this pledge shall be valid and binding from the Closing date of the 2012 Bonds. The amounts so pledged and received by the City shall immediately be subject to the lien of these pledges without any physical delivery or further act, and the lien of these pledges shall be superior to all other claims and liens whatsoever.

6.2. Book-Entry System. The 2012 Bonds shall be initially issued as a book-entry only security issue, with no 2012 Bonds being made available to the beneficial owners, in accordance with the applicable Letter of Representations of The Depository Trust Company. Ownership of the 2012 Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on The Depository Trust Company book-entry-only system. The 2012 Bonds shall be initially issued in the form of separate single fully registered typewritten bonds for each series and maturity of the 2012 Bonds (the "Global Bonds") in substantially the form attached hereto as Exhibit A. Each Global Bond shall be registered in the name of CEDE & CO. as nominee (the "Nominee") of The Depository Trust Company ("DTC") (DTC and any other qualified securities depository designated by the City as a successor to DTC, collectively the "Depository") as the "Owner," and such Global Bonds shall remain in the Paying Agent's custody, subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and the Depository until early redemption or maturity of the 2012 Bond. The Paying Agent shall remit payment for the maturing principal or redemption price and interest on the 2012 Bonds to the Owner for distribution by the Nominee for the benefit of the beneficial owners (the "Beneficial Owners") by recorded entry on the books of the Depository participants and correspondents. While the 2012 Bonds are in book-entry-only form, the 2012 Bonds will be available in denominations of $5,000 and any integral multiple thereof.

(A) In the event the Depository determines not to continue to act as securities depository for the 2012 Bonds, or the City determines that the Depository shall no longer so act, then the City will discontinue the book-entry-only system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only system, the 2012 Bonds shall no longer be a book-entry-only issue and the 2012 Bonds shall be printed and delivered and shall be registered as directed by DTC and thereafter shall be registered, transferred and exchanged as provided in Section 6.4 herein.

(B) With respect to 2012 Bonds registered in the registration books maintained by the Paying Agent in the name of the Nominee of the Depository, the City, and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner on behalf of which such participants or correspondents act as agent for the Beneficial Owner with respect to:

(1) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the 2012 Bonds;

(2) the delivery to any participant or correspondent or any other person, other than an Owner, of any notice with respect to the 2012 Bonds, including any notice of redemption;

(3) the selection by the Depository of the beneficial ownership interest in 2012 Bonds to be redeemed prior to maturity; or

(4) the payment to any participant, correspondent, or any other person other than the Owner of the 2012 Bonds, of any amount with respect to principal of or interest on the 2012 Bonds.

(C) Notwithstanding the book-entry-only system, the City may treat and consider the Owner in whose name each 2012 Bond is registered in the registration books maintained by the Paying Agent as the Owner and absolute owner of such 2012 Bond for the purpose of payment of principal and interest with respect to such 2012 Bond, or for the purpose of giving notices of redemption and other matters with respect to such 2012 Bond, or for the purpose of registering transfers with respect to such 2012 Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal of and interest on the 2012 Bonds only to or upon the order of the Owner or such Owner's respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

(D) Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in the Declaration shall refer to such new nominee of the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. The Depository shall tender the 2012 Bonds it holds to the Paying Agent for re-registration.

6.3. Notice of Redemption.

(A) For any 2012 Bonds which are not in book-entry form, unless waived by the Owner of such a 2012 Bond, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2012 Bond or 2012 Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent.

(B) For any 2012 Bonds which are in book-entry form the Paying Agent shall notify DTC not less than 20 days prior to the date fixed for redemption of the maturity to be redeemed, or such lesser time as may be permitted under DTC's operational arrangements then in effect, and in the manner required in the City's Letter of Representations to DTC. No other notice shall be required.

(C) In addition to the requirements of Section 6.3(E), all official notices of redemption shall be dated and shall state:

(1) the date fixed for redemption,

(2) the redemption price,

(3) if less than all outstanding 2012 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2012 Bonds to be redeemed,

(4) except for calls described in Section 6.3(E), below, that on the date fixed for redemption the redemption price will become due and payable upon each such 2012 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such 2012 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be an office of the Paying Agent.

(D) Except for calls described in Section 6.3(E) below, official notice of redemption having been given as aforesaid, the 2012 Bonds or portions of 2012 Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such 2012 Bonds or portions of 2012 Bonds shall cease to bear interest. Upon surrender of such 2012 Bonds for redemption in accordance with said notice, such 2012 Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the date fixed for redemption shall be payable as in the Declaration provided for payment of interest. Upon surrender for any partial redemption of any 2012 Bond, there shall be prepared for the Owner a new 2012 Bond or 2012 Bonds of the same maturity in the amount of the unpaid principal. All 2012 Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued.

(E) Conditional Notice. Any notice of optional redemption to the Paying Agent or to the Owners pursuant to this Section 6 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2012 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of 2012 Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

(F) Upon the payment of the redemption price of the 2012 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the 2012 Bonds being redeemed with the proceeds of such check or other transfer.

6.4. Authentication, Registration and Transfer. (No Book-Entry). The provisions of this Section 6.4 apply only when the 2012 Bonds are not in book-entry form.

(A) No 2012 Bond shall be entitled to any right or benefit under the Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2012 Bonds properly surrendered for exchange or transfer pursuant to the Declaration.

(B) The ownership of all 2012 Bonds shall be entered in the 2012 Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2012 Bond register as the owner of the 2012 Bond for all purposes.

(C) The Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the 2012 Bond Owner, as that name and address appear on the 2012 Bond register as of the Record Date. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

(D) 2012 Bonds may be exchanged for an equal principal amount of 2012 Bonds of the same series and maturity which are in different authorized denominations, and 2012 Bonds may be transferred to other owners if the 2012 Bond Owner submits the following to the Paying Agent:

(1) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the 2012 Bond Owner or such Owner's legal representative or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

(2) the 2012 Bonds to be exchanged or transferred.

(E) The Paying Agent shall not be required to exchange or transfer any 2012 Bonds submitted to it during any period beginning with a Record Date and ending on the next following interest payment date; however, such 2012 Bonds shall be exchanged or transferred promptly following the interest payment date.

(F) The Paying Agent shall not be required to exchange or transfer any 2012 Bonds which have been designated for redemption if such 2012 Bonds are submitted to it during the fifteen-day period preceding the designated date fixed for redemption.

(G) For purposes of this Section, 2012 Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 6.4(D)6.2(D).

(H) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 2012 Bond Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

6.5. Form, Execution and Authentication.

The 2012 Bonds shall be in substantially the form attached hereto as Appendix A, with such changes as may be approved by the Debt Manager. The 2012 Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Dated as of this __ day of ____, 2012.

City of Portland, Oregon

By:____________________________________
B. Jonas Biery, Debt Manager

Appendix A

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds
2012 Series [A/B] (Federally Taxable/Tax-Exempt)

Dated Date: _________, 2012
Interest Rate Per Annum: «CouponRate»%
Maturity Date: June 15«MaturityYear»
CUSIP Number: 736746«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, but solely from the sources named below, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the 15th day of June and the 15th day of December in each year until maturity, commencing December 15, 2012. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the City maintained by the City's paying agent and registrar, which is currently U.S. Bank National Association, in Portland, Oregon (the "Paying Agent"), as of the close of business on the 1st day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating $_____ in principal amount designated as Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series [A/B] (Federally Taxable/Tax-Exempt) (the "Bonds"). The Bonds are issued for the purpose of financing and refinancing urban renewal projects within the Oregon Convention Center Urban Renewal Area. The Bonds are authorized by City Ordinance No. ____ adopted ____, 2012 (the "Ordinance"), Oregon Revised Statutes Chapter 457 and an Amended and Restated Senior Lien Bond Declaration dated as of July __, 2011, as supplemented by the First Supplemental Declaration dated as of _____, 2012 (collectively, the "Declaration") executed by the City's Debt Manager. The provisions of the Ordinance and the Declaration are hereby incorporated into this Bond by reference. The Bonds are issued in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

The Bonds constitute valid and legally binding special obligations of the City which are payable solely from the Tax Increment Revenues of the Oregon Convention Center Urban Renewal Area and the other amounts constituting the Security, as defined and provided in the Declaration.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE CITY WHICH IS SECURED SOLELY BY AND PAYABLE SOLELY FROM THE OREGON CONVENTION CENTER TAX INCREMENT REVENUES AND OTHER AMOUNTS CONSTITUTING THE "SECURITY" AS DEFINED AND PROVIDED IN THE DECLARATION. THIS BOND IS NOT A GENERAL OBLIGATION OF THE CITY OR THE

COMMISSION, AND IS NOT SECURED BY OR PAYABLE FROM ANY FUNDS OR REVENUES OF THE CITY OR THE COMMISSION EXCEPT THE SECURITY.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. Records of ownership of beneficial interests in the Bonds will be maintained by The Depository Trust Company and its participants.

Should the book-entry only security system be discontinued, the Bonds shall be issued in the form of registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount and maturity date, but different authorized denominations, as provided in the Declaration.

The Bonds are subject to redemption on the following terms [insert redemption provisions].

Any transfer of this Bond must be registered, as provided in the Declaration, upon the Bond register kept for that purpose by the Registrar. Upon registration, a new registered Bond or Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Declaration. The Registrar and the City may treat the person in whose name this Bond is registered as its absolute owner for all purposes, as provided in the Declaration.

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

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

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

CITY OF PORTLAND, OREGON
1851

City of Portland, Oregon

Sam Adams, Mayor

LaVonne Griffin-Valade, Auditor

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of $______ aggregate principal amount of City of Portland, Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series [A/B] (Tax-Exempt/Federally Taxable) issued pursuant to the Declaration described herein.

Date of Authentication: ___________________, 2012.

U.S. Bank National Association, as Paying Agent

____

Authorized Officer

ASSIGNMENT

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

____

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

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

Dated:_______________________________________

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

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

Signature Guaranteed

____

(Bank, Trust Company or Brokerage Firm)

____

Authorized Officer

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

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

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

CITY OF PORTLAND, OREGON
1851

APPENDIX C
EXCERPTS OF
AUDITED FINANCIAL STATEMENTS

CITY OF PORTLAND, OREGON
1851

INTRODUCTION TO EXCERPTS OF AUDITED FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2008, 2009, 2009, 2010 and 2011.

Copies of the Fiscal Years 2008 through 2011 Comprehensive Annual Financial Reports ("CAFR") containing the reports of the independent certified public accountants are available on the City's website at:

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

The following pages in this Appendix are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2007 through June 30, 2011. The Notes that follow the tabular data have been prepared by the City and have not been reviewed by the independent auditor.

A CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE 2012 BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE 2012 BONDS.

CITY OF PORTLAND, OREGON

1851

CITY OF PORTLAND, OREGON
Convention Center Area Debt Service Fund (1)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Generally Accepted Accounting Principles Basis

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues					
Taxes	$7,222,525	$7,086,181	$10,898,912	$10,752,254	$10,457,663
Investment earnings	119,700	85,938	115,933	41,868	55,296
Total revenues	7,342,225	7,172,119	11,014,845	10,794,122	10,512,959
Expenditures					
Debt service and related costs:					
Principal	3,375,000	3,235,000	6,275,000	2,980,000	36,221,155
Interest	3,958,515	3,991,555	3,370,693	3,019,749	2,841,419
Debt issuance costs	--	--	--	--	18,782
Total expenditures	7,333,515	7,226,555	9,645,693	5,999,749	39,081,356
Revenues over (under) expenditures	8,710	(54,436)	1,369,152	4,794,373	(28,568,397)
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Transfers out	--	--	--	(3,500,000)	(4,500,000)
					25,496,155
					7,540,000
Total other financing sources/uses	--	--	--	(3,500,000)	28,536,155
Net change in fund balance	8,710	(54,436)	1,369,152	1,369,152	(32,242)
Fund balances -- beginning	247,274	255,984	201,548	1,570,700	2,865,073
Fund balances -- ending	$255,984	$201,548	$1,570,700	$2,865,073	$2,832,831

Notes:

(1) This is the Tax Increment Fund.

Source: City of Portland audited financial statements.

CITY OF PORTLAND, OREGON
Convention Center Area Debt Service Fund
CONSECUTIVE BALANCE SHEETS (1)
As of June 30

	2007	2008	2009	2010	2011
ASSETS					
Restricted:					
Cash and investments	$115,232	$76,644	$1,351,537	$2,653,347	$2,634,138
Receivables:					
Taxes	375,705	392,594	650,669	693,791	679,299
Accrued interest	22,925	12,729	38,557	22,330	32,382
Total assets	$513,862	$481,967	$2,040,763	$3,369,468	$3,345,819
LIABILITIES AND FUND BALANCES					
Liabilities payable from restricted assets:					
Deferred revenue	$257,878	$280,419	$470,063	$504,395	$512,988
Total liabilities	257,878	280,419	470,063	504,395	512,988
Fund balances (deficits):					
Reserved for debt service	255,984	201,548	--	--	--
Unreserved	--	--	1,570,700	2,865,073	--
Restricted	--	--	--	--	2,832,831
Total fund balances	255,984	201,548	1,570,700	2,865,073	2,832,831
Total liabilities and fund balances	$513,862	$481,967	$2,040,763	$3,369,468	$3,345,819

Notes:

(1) In years ending June 30, 2007, and June 30, 2008, inclusive, no distinction was made as to whether assets were “restricted” or “unrestricted” or whether liabilities were payable from “restricted” assets or “unrestricted” assets. These designations first appear in the CAFR for FY 2008-09. For comparative purposes, assets and liabilities in FY 2006-07 and FY 2007-08 are shown as restricted even though such designation was not made in the CAFRs for those years.

Source: City of Portland audited financial statements.

APPENDIX D
CITY OPERATING AND FINANCIAL INFORMATION

CITY OF PORTLAND, OREGON
1851

CITY OPERATING AND FINANCIAL INFORMATION

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 and the Portland Development Commission (the "Commission") 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 2010-11.

A complete copy of the City's FY 2010-11 audit is available on the City's web site at http://www.portlandonline.com/omf/index.cfm?c=57772. The City's web site is listed for reference only, and is not part of this Official Statement. Audited financial results for the Tax Increment Fund are found in Appendix C.

FINANCIAL REPORTING AND BUDGETING

Financial Reporting

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

Budget Process

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

A five-year General Fund financial forecast, which serves as the basis for determining resources available for budgeting, is also provided to the City Council along with budget requests. Major City bureaus generally prepare and submit five-year financial plans and Capital Improvement Plans.

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

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

INSURANCE

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

Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Division and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors. The estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ended June 30, 2011, the expected rate of return is 0.65 percent. For fiscal year ending June 30, 2012, the expected rate of return is 0.45 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. The City's limits of coverage on the excess liability policy is $30 million per claim above the $1 million self-insurance retention. A tort claim for a loss from 2010 has been settled for $1.2 million. The majority of the settlement will come from the excess insurance. An excess workers' compensation coverage insurance policy covers claims in excess of $750,000. Currently this excess insurance will cover up to statutory limits.

Personal Injury and Death Claim

Under ORS 30.272, the liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $566,700 for causes of action arising on or after July 1, 2011, and before July 1, 2012. 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 $1,133,300, for causes of action arising on or after July 1, 2011, and before July 1, 2012, and incrementally to $1,333,300 for causes of action arising on or after July 1, 2014, and before July 1, 2015.

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

Property Damage or Destruction Claim

Under ORS 30.273, the liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2011, and before July 1, 2012, are as follows: (a) $101,400 for any single claimant and (b) $506,900 to all claimants. These liability limits are adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in ORS 30.273. The adjustment may not exceed three percent for any year.

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 October 2010, Mercer Human Resource Consulting ("Mercer"), the PERS actuary, released the City's 2009 actuarial valuation report (the "2009 City Report"), which includes the City's share of the System's actuarial accrued liabilities and assets as of December 31, 2009 and provides the City's employer contribution rates that are currently in effect (effective from July 1, 2011 through June 30, 2013). In November 2011, Mercer released an actuarial valuation for the City as of December 31, 2010 (the "2010 City Report"), which included the City's share of the System's actuarial accrued liability as of December 31, 2010 and provides the City's advisory employer contribution rates.

Employer Asset Valuation and Liabilities

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

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

The table below is a summary of principal valuation results from the 2009 City Report and the 2010 City Report.

Table D-1
CITY OF PORTLAND, OREGON
Valuation Results for 2009 and 2010
(as of December 31)

	2009	2010
Allocated Pooled T1/T2 UAL/ (surplus)	$178,802,989	$168,908,108
Allocated Pooled OPSRP UAL/ (surplus)	3,216,137	3,818,471
Net unfunded pension actuarial accrued liability/(surplus)	$182,019,126	$172,726,579

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/09 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/10 Valuation Report prepared by Mercer Human Resource Consulting.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

The funded status of the System and the City, as reported by Mercer, changes over time depending on the market performance of the securities that the Oregon Public Employees Retirement Fund (the "OPERF") is invested, future changes in compensation and benefits of covered employees, any additional lump sum deposits made by employers, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. No assurance can be given that the unfunded actuarial liability of PERS and of the City will not materially increase.

Employer Contribution Rates

Employer contribution rates are based upon the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including known and anticipated investment performance of the OPERF. The City's current employer contribution rates are based on the 2009 City Report. These rates became effective on July 1, 2011 and are effective through June 30, 2013. The 2010 City Report provides advisory employer contribution rates only.

In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of three percent of payroll or 20 percent of the current base rate. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches six percent at the 70 percent funded level. The 2009 System Valuation found that the SLGRP was 77 percent funded, resulting in a Rate Collar of 3.9 percent. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA. Because the 2011-2013 employer contribution rates were reduced by the Rate Collar, further rate increases are anticipated for the 2013-2015 biennium. Although the 2010 City Report includes advisory employer contribution rates for the City, the City's employer contribution rates for the 2013-2015 biennium will be reported in the City's individual actuarial valuation report as of December 31, 2011. Presently, PERS anticipates that system-wide, the 2013-2015 rates will be increased by approximately 5 percent of covered payroll as a result of the implementation of the Rate Collar in the 2011-2013 biennium. This increase, however, will be subject to change based on the investment performance of OPERF and other factors. The City's actual 2013-2015 contribution rate increase also may vary from the system-wide number.

The table below shows the City's current employer contribution rates based on the 2009 City Report and the advisory rates identified in the 2010 City Report.

Table D-2
CITY OF PORTLAND, OREGON
Current and Future Employer Contribution Rates
(Percentage of Covered Payroll)

	Current Rates 2011-2013			Advisory Rates 2013-15		
	T1/T2	**OPSRP General**	**OPSRP P&F**	**T1/T2**	**OPSRP General**	**OPSRP P&F**
Total net pension contribution rate	8.71%	7.19%	9.90%	12.80%	10.99%	13.73%

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/09 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/10 Valuation Report prepared by Mercer Human Resource Consulting.

Currently, one percent of covered payroll for the three pension benefit programs is approximately: $1,904,948 for T1/T2 Pension Programs; $790,418 for OPSRP general services; and $150,863 for OPSRP police and fire. The City's contribution rates may increase or decrease due to a variety of factors, including the investment performance of the OPERF, the use of reserves, further changes to system valuation methodology and assumptions and decisions by the PERS Board and changes in benefits resulting from legislative modifications.

T1/T2 Pension Program employees and OPSRP employees are required by state statute to contribute six percent of their annual salary to the respective programs. Employers are allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution. An employer also may elect via written employment policy or agreement to make additional employer contributions to its employees' IAP accounts in an amount that can range from not less than one percent of salary to no more than six percent of salary and must be a whole percentage. Employers may make this policy or agreement for specific groups of their employees. The City has elected to make an optional contribution to the IAP accounts of public safety employees hired after January 1, 2007 of an additional three percent of their annual salary. The rates reported in Table D-2 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 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

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

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

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

Another ballot measure passed by the voters November 6, 2007, also made new retirees from active service eligible for payment by the FPDR Fund of medical and hospital expenses associated with their job-related injuries and illnesses accepted before retirement. The change is effective for retirees after January 1, 2007. New state legislation governing workers' compensation law requires that the FPDR Fund treat 12 cancers as presumptive occupational illnesses for firefighters effective January 1, 2010.

The FPDR Plan is funded by a special property tax levy which cannot exceed two and eight-tenth mils on each dollar of valuation of property ($2.80 per $1,000 of real market value) not exempt from such levy. In the event that funding for the FPDR Plan is less than the required payment of benefits to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the special property tax levy in the succeeding year. In the event that the special property tax levy is insufficient to pay benefits because benefits paid exceed the two and eight-tenth mills limit, other City funds would be required to make up the difference. The FY 2011-12 levy of $114,264,711 required a tax rate of $2.4683 per $1,000 of assessed property value, or approximately $1.4078 per $1,000 of gross real market value.

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

The FPDR Fund's Board periodically assesses the future availability of property tax revenues by having projections and simulations performed in connection with the Actuarial Valuation of the Fund. The most recent assessment was as of July 1, 2010. The Fund's Board believes that, under a wide range of simulated economic scenarios in the foreseeable future, the future FPDR Fund levy would remain under $2.80 per $1,000 of real market value, but reaching the $2.80 threshold has a five percent or greater probability level starting in 2023 and an almost 10 percent probability in 2029.

Recognizing that the economic conditions have changed significantly over the past few years, the City reviewed the discount rate and assumptions utilized in the calculations of the actuarial valuation, including actuarial accrued pension liabilities and net pension obligation, and determined they should be revised to more closely match the funding and investment returns that actually are achieved under existing investment. The City revised the rate for the July 1, 2010, valuation from 4.50 percent to 4.00 percent. This change increased the unfunded actuarial liability by $190 million. Overall the unfunded actuarial liability increased from $2.21 billion on July 1, 2008 to $2.53 billion on July 1, 2010.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

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

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA's assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled covered payroll. According to the 2009 City Report, the City's allocated share of the RHIA program's UAL is $10,603,769 as of December 31, 2009, and according to the 2010 City Report, the City's allocated share of the RHIA program's UAL is $11,064,746 as of December 31, 2010.

The City's current total contribution rate to fund RHIA benefits for T1/T2 employees is 0.59 percent and for OPSRP general services employees and police and fire employees is 0.50 percent.

Health Insurance Continuation Option

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

The City's actuary for its OPEB liability associated with the Health Insurance Continuation Option, AON Employee Benefits Consulting, completed an actuarial valuation for purposes of complying with the GASB 45 standards. The valuation was prepared using the Entry Age Normal actuarial cost method by spreading future normal costs evenly over future service ("EAN-Service"). The valuation was prepared using an amortization period of 30 years and an assumed discount rate of five percent. The City's actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2009 (the date of the most recent actuarial valuation), is estimated to be $118,894,232 on an EAN-Service basis. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years. A new valuation study will be undertaken for reporting the OPEB liability as of July 1, 2011.

For FY 2010-11, the annual required contribution (the "ARC") of the employer to be recognized as the annual employer OPEB cost is estimated to be $13,442,894 on an EAN-Service basis. For fiscal year ended June 30, 2011, the City benefits paid on behalf of retirees exceeded the premiums they paid by $7,800,959. The City has elected to not pre-fund the FY 2010-11 employer's annual required contribution to the plan (ARC) of $13,442,894. The amount unfunded in FY 2010-11 is $28,721,772, which is the OPEB obligation from the beginning of the fiscal year, plus the ARC for FY 2010-11, less payments made in relation to the FY 2010-11 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.

CITY OF PORTLAND, OREGON
1851

APPENDIX E
LEGAL OPINION

CITY OF PORTLAND, OREGON
1851

__________, 2012

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

Subject: $__________ City of Portland, Oregon
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds
$__________ 2012 Series A (Federally Taxable)
$__________ 2012 Series B (Tax-Exempt)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Portland, Oregon (the "City") of its Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A (Federally Taxable) (the "2012 Series A Bonds") and the Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax-Exempt) (the "2012 Series B Bonds" and together with the 2012 Series A Bonds, the "2012 Bonds"), which are dated as of their date of delivery. The 2012 Bonds are issued pursuant to City Ordinance No. _____ adopted by the City Council on April 11, 2012 (the "Ordinance"), an Amended and Restated Senior Lien Bond Declaration dated as of July 6, 2011 and a First Supplemental Senior Lien Bond Declaration dated as of the date of delivery of the 2012 Bonds (together with the Amended and Restated Senior Lien Bond Declaration, the "Declaration"). Capitalized terms used but not defined in this opinion have the meanings defined for such terms in the Declaration.

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 or other offering materials which has been or may be supplied to the purchasers of the 2012 Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

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

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

1. The 2012 Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Charter of the City, and the Ordinance. The 2012 Bonds constitute valid and legally binding obligations of the City enforceable in accordance with their terms.

2. The 2012 Bonds are special, limited obligations of the City secured solely by and payable solely from the Security.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the 2012 Series B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2012 Series B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the 2012 Series B Bonds, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2012 Series B Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2012 Series B Bonds in order that, for Federal income tax purposes, interest on the 2012 Series B Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the 2012 Series B Bonds, restrictions on the investment of proceeds of the 2012 Series B Bonds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2012 Series B Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2012 Series B Bonds, the City will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the 2012 Series B Bonds will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the 2012 Series B Bonds, and (ii) compliance by the City with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the 2012 Series A Bonds is not excludable from gross income for federal income tax purposes.

5. Interest on the 2012 Bonds is exempt from Oregon personal income tax.

We note that the City has <u>not</u> designated the 2012 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

Except as stated in paragraphs 3, 4, and 5 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the 2012 Bonds or the ownership or disposition thereof, including the extent to which interest on the 2012 Series B Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the 2012 Series B Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the 2012 Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

This opinion is given as of the date hereof and is based on existing law, and we assume no obligation to update, revise, or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

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

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

We have served as bond counsel only to the City in connection with the 2012 Bonds and have not represented any other party in connection with the 2012 Bonds. This opinion is given solely for the benefit of the City in connection with the 2012 Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the City, the owners of the 2012 Bonds, and any person to whom we may send a formal reliance letter, indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

CITY OF PORTLAND, OREGON
1851

APPENDIX F
CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON

1851

CONTINUING DISCLOSURE CERTIFICATE

$__________
City of Portland, Oregon
Oregon Convention Center
Senior Lien Urban Renewal and Redevelopment Bonds
$__________ 2012 Series A (Federally Taxable)
$__________ 2012 Series B (Tax-Exempt)

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 Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A (Federally Taxable) and the City's Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series B (Tax-Exempt) (collectively, the "Bonds").

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

"Official Statement" means the final official statement for the Bonds dated __________, 2012.

"Rule" means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Financial Information. The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing no later than March 31, 2013, for the fiscal year ended June 30, 2012:

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

B. To the extent not included in those annual financial statements, information generally of the type included in the Official Statement under Appendix D: "City Operating and Financial Information" and the following current and historical information generally of the type in the Official Statement under the heading "Area Property Values, Tax Increment Revenues, and Indebtedness"

- Measure 5 Market Values and Assessed Values
- Maximum Tax Increment Revenues and Tax Increment Revenues
- Changed Property Ratios
- Top Taxpayer Accounts
- Consolidated Tax Rates
- Measure 5 Compression
- Tax Collection Records
- Tax Increment Collections
- Long-Term Debt

Section 4. Timing. The information described in Section 3 above shall be provided on or before nine months after the end of the City's fiscal year. The City's current fiscal year ends June 30. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the MSRB.

The City agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in Sections 3.A and 3.B above on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The City to provide or cause to be provided to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;

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

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

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

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

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

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

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

(i) Defeasances;

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

(k) Rating changes;

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

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

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

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

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

Section 7. Termination. The City's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

This Certificate, or any provision hereof, shall be null and void if the City (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision hereof, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the City may amend this Certificate provided that the following conditions are satisfied:

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

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

C. The amendment either (i) is approved by the Bondowners pursuant to the governing instrument at the time of amendment or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondowners.

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

Section 9. Bondowner's Remedies Under This Certificate. The right of any Bondowner to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Bonds, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Certificate in the event of any failure of the City to comply with this Certificate shall be an action to compel performance.

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

Section 11. Filing with EMMA. Any filings required by this certificate to be made with the MSRB may be made through EMMA so long as it is approved by the MSRB.

Section 12. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the _____ day of __________, 2012.

City of Portland, Oregon

____
B. Jonas Biery, Debt Manager

CITY OF PORTLAND, OREGON
1851

APPENDIX G
BOOK-ENTRY SYSTEM

CITY OF PORTLAND, OREGON

1851

BOOK-ENTRY SYSTEM

DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC—bracketed material may be applicable only to certain issues)

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

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

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

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

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

notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

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

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

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

9. 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.

10. 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.

11. 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.

APPENDIX H
THE PORTLAND DEVELOPMENT COMMISSION

CITY OF PORTLAND, OREGON

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THE PORTLAND DEVELOPMENT COMMISSION

The Portland Development Commission (the "Commission") was created as a City agency in 1958 by Portland voters to deliver projects and programs that achieve the city's housing, economic development and redevelopment priorities and link citizens to jobs.

PURPOSE AND FUNCTIONS

The Commission is the City agency that helps provide sustained livability for the City and region. Its mission is to create one of the world's most desirable and equitable cities by investing in job creation, innovation and economic opportunity throughout Portland. In the five decades since the Commission was established, City Council has created over 20 urban renewal areas in Portland neighborhoods to deliver a broad range of housing and neighborhood improvement programs, and has carried out a comprehensive range of economic development programs aimed at creating jobs for City residents. The Commission currently administers eleven urban renewal areas.

MANAGEMENT

The Commission is governed by a five-member citizen Board, appointed by the Mayor and approved by the City Council. Commission business is conducted at monthly public meetings and all Commission activities are guided by a its annual budget. The Executive Director of the Commission since March 23, 2011, is Patrick Quinton.

URBAN RENEWAL AREAS

The Commission currently has four urban renewal areas – Airport Way, Downtown Waterfront, Oregon Convention Center, South Park Blocks – that were in existence on December 5, 1996 and designated as "Option 3" plans for tax collection purposes (the "Option 3 Plan Areas"). Five urban renewal areas, including River District, Lents Town Center, North Macadam, Interstate Corridor, and Gateway Regional Center, have been established since December 5, 1996, but before October 6, 2001, (the "Standard Rate Plan Areas"). Two urban renewal areas, the Willamette Industrial Urban Renewal Area and the Central Eastside Urban Renewal Area, have been formed or substantially amended on or after October 6, 2001 (the "Reduced Rate Plan Areas"). Tax increment revenues collected for one area may not be transferred to or used to pay debt service on indebtedness for another area.

Collection Options

Tax increment revenues for the Option 3 Plan Areas are derived from Divide the Taxes Revenues and also may include revenues from an additional tax imposed within the boundaries of their creating city or county (the "Special Levy"). The Standard Rate Plan Areas are only authorized to collect Divide the Taxes Revenues. The Divide the Tax Revenues for each of the Standard Rate Plan Areas are generated by multiplying the incremental assessed value of the area by the consolidated billing tax rate, which is the sum of all tax rates of overlapping taxing jurisdictions, including permanent rates, local option levy rates, the City's FPDR levy rate, and general obligation bond rates. The Reduced Rate Plan Areas, which include the Central Eastside Urban Renewal Area, also are only authorized to collect the Divide the Taxes Revenues. However, the consolidated billing tax rate used to calculate the Divide the Taxes Revenues for these areas excludes all local option levies and general obligation bond levies approved by the voters on or after October 6, 2001, as well as a portion of the Portland Public School permanent rate.

Maximum Indebtedness

The eleven urban renewal areas have approved plans establishing Maximum Indebtedness amounts, which are shown in the table below. The table also shows the amount of debt applied against the Maximum Indebtedness amount as of April 1, 2012. The Maximum Indebtedness amounts represent the maximum amount of debt that can be issued in each area through the life of the urban renewal plan to complete the projects identified in the plan. The City is not required to fund the Maximum Indebtedness amount.

Table H-1
CITY OF PORTLAND URBAN RENEWAL DISTRICTS
Maximum Indebtedness and Debt Issued as of April 1, 2012 (1)

Urban Renewal District	Maximum Indebtedness	Debt Issued (2)	Remaining Indebtedness
Airport Way	$72,638,268	$72,638,268	$0
Central Eastside	104,979,000	83,779,340	21,199,660
Downtown Waterfront	165,000,000	165,000,000	0
Gateway Regional Center	164,240,000	29,680,073	134,559,927
Interstate Corridor	335,000,000	139,274,158	195,725,842
Lents Town Center	245,000,000	98,405,000	146,595,000
North Macadam	288,562,000	99,800,000	188,762,000
Oregon Convention Center	167,511,000	127,851,141	39,659,859
River District	489,500,000	237,223,033	252,276,967
South Park Blocks	143,619,000	112,035,000	31,584,000
Willamette Industrial	200,000,000	2,845,000	197,155,000
Total	$2,376,049,268	$1,168,531,014	$1,207,518,254

Notes:

(1) Totals may not foot due to rounding.
(2) This amount includes both long term debt and short-term subordinate debt.

Source: City of Portland.

FINANCIAL OPERATIONS

The Commission has been awarded the Government Finance Officers Association's (the "GFOA") Certificate of Achievement for Excellence in Financial Reporting every year since 1988. According to 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 annual financial report whose content conforms to program requirements and satisfies both generally accepted accounting principles and applicable legal requirements.

Budgeting Process

The Commission prepares an annual budget in accordance with provisions of the Oregon Local Budget Law, which provides standard procedures for the preparation, presentation, administration, and approval of budgets. In addition to the annual budget, the Commission develops a five-year capital project forecast for planning purposes.

Every year between the months of October and January, the Executive Director of the Commission prepares a Requested Budget based upon the overall goals of the Commission, the goals and objectives in the respective urban renewal area plans, and availability of resources. The Commission engages in significant public outreach to stakeholder groups during the budget development phase. The budget development phase includes early involvement with the City Council, which is structured to enhance the linkage between the policies and strategic direction of City Council and Commission implementation. The Requested Budget is reviewed by the Commission, the City's Office of Management and Finance, and the City Council. Recommended changes by the Commission and the Council are incorporated into the Proposed Budget. The Proposed Budget is sent to City Council, acting as the Commission's Budget Committee, for review and approval.

In May 2007, City voters authorized a change to the City Charter to provide oversight of the Commission budget by the City Council and to authorize the City Auditor to conduct financial and performance audits of the Commission. The City Charter was amended to establish the City Council as the Commission's Budget Committee. Further, the 2007 State of Oregon Legislature passed House Bill 3104 (Chapter 670, Oregon Laws 2007), which amends ORS 294.341 to establish the City Council as the Budget Committee for the Commission's budget under Oregon Local Budget Law.

The FY 2012-13 Budget Process will be the fifth budget process that includes the City Council as the Commission's Budget Committee. The purpose of the Budget Committee is to publicly meet and review the Proposed Budget of the Commission. Through one or more public meetings, the Budget Committee will receive the Proposed Budget, provide an opportunity for the public to ask questions, and take action to approve the budget. When approving the budget, the Budget Committee through a majority vote will take action to establish the maximum total expenditures for each fund. Following Budget Committee approval, the budget is forward to the TSCC for review and the Commission for review and adoption of the budget. When adopting the budget, the Commission cannot increase any one fund's expenditures by more than ten percent of the total approved by the Budget Committee.

The Commission has been awarded the GFOA's "Distinguished Budget Presentation Award" for its FY 2002-03 through FY 2011-12 budget documents. The Budget Awards Program is designed to encourage governments to prepare budget documents of the highest quality that meets criteria as an operations guide, as a financial plan, and as a communications device.

Insurance

The Commission is not part of the City's self-insurance program and purchases a variety of commercial insurance policies to protect itself against loss. Like most other large public agencies, the Commission is exposed to various risks of losses related to torts, errors and omissions, general liability, property claims, injuries to employees, and unemployment claims.

The Commission is insured by the State Accident Insurance Fund ("SAIF") against losses from employee workers' compensation claims up to a limit of $500,000 for each incident and each employee. The Commission is covered by a commercial general liability policy through Travelers Insurance in the amount of $2,000,000 per occurrence and an additional $5,000,000 excess liability policy subject to $10,000 deductible and a blanket property policy through Lloyd's of London for $100,000,000. A separate policy provides coverage for faithful performance (employee dishonesty) through Hartford Insurance in the amount of $300,000, providing protection from losses from forgery, alteration, theft, and disappearance; employment practices liability coverage is provided through Zurich American Insurance in the amount of $3,000,000 per claim with a $150,000 deductible per claim; public officials errors and omission coverage is provided through Travelers in the amount of $2,000,000 with a $4,000,000 aggregate and a deductible of $25,000 per claim. Automobile coverage for Commission fleet vehicles is provided through Travelers in the amount of $1,000,000 for bodily injury/property damage with a $250 deductible for comprehensive and $500 deductible for collision. Umbrella policy provides an additional $5 million under the excess liability umbrella policy.

The Commission has an aggressive risk management policy of transferring liability to contractors, lessees, event sponsors, and other entities through specific indemnification and insurance requirements in all contracts and agreements. The Commission has generally been successful in resolving claims and has not suffered any significant losses over the past year. In addition, there have been no significant reductions in insurance coverage or any insurance settlements that exceeded insurance coverage in any of the past six fiscal years.

The Commission also has an Internal Service Fund to meet insurance policy deductible amounts and other amounts not fully reimbursed from insurance proceeds, as necessary. The fund currently has an equity balance of $248,000.

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