NEW ISSUE
BOOK-ENTRY ONLY **RATING: Moody's Aa2***

In the opinion of Preston Gates & Ellis LLP, Bond Counsel, interest on the 2001 Series C Bonds is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "TAX EXEMPT STATUS OF THE 2001 SERIES C BONDS." The 2001 Series C Bonds are not private activity bonds. Interest on the 2001 Series C Bonds is included in the computation of certain federal taxes on corporations. In the opinion of Bond Counsel, interest on the 2001 Series C Bonds is exempt from present personal income taxation by the State of Oregon.

Interest on the 2001 Series D Bonds is included in gross income subject to federal income taxation. In the opinion of Bond Counsel, interest on the 2001 Series D Bonds is exempt from present personal income taxation by the State of Oregon.

CITY OF PORTLAND, OREGON
Limited Tax Revenue Bonds

$2,100,000	$35,000,000
(PCPA Project)	(Civic Stadium Project)
2001 Series C	2001 Series D
(Tax Exempt)	(Federally Taxable)

DATED: May 1, 2001 **DUE:** June 1, as shown on the reverse hereof

The Limited Tax Revenue Bonds (PCPA Project), 2001 Series C (Tax Exempt) (the "2001 Series C Bonds") and the Limited Tax Revenue Bonds (Civic Stadium Project), 2001 Series D (Federally Taxable) (the "2001 Series D Bonds"), collectively, the "2001 Bonds," will be issued in registered book-entry form only, in denominations of $5,000 or integral multiples thereof. The 2001 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 2001 Bonds. While Cede & Co. is the registered owner of the 2001 Bonds (the "Owner") as nominee of DTC, references herein to the Bondowners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2001 Bonds. See "Book-Entry System" herein.

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

The 2001 Bonds will bear or accrue interest rates as set forth on the inside cover. The 2001 Bonds will be dated May 1, 2001. Interest on the 2001 Bonds will be payable semiannually on June 1 and December 1 of each year, beginning December 1, 2001.

The scheduled principal of an interest on the 2001 Series D Bonds maturing on June 1, 2017 and June 1, 2018, and the 2001 Series D Term Bonds maturing on June 1, 2023, when due will be guaranteed by an insurance policy to be issued concurrently with the delivery of the 2001 Series D Bonds by MBIA Insurance Corporation.

Proceeds of the 2001 Series C Bonds will be used to pay for the costs of improving the Portland Center for the Performing Arts (the "PCPA") and to pay costs of issuance. Proceeds of the 2001 Series D Bonds will be used to refund the outstanding interim financing line of credit that has been drawn upon to pay the costs of renovating the Portland Civic Stadium, including interest costs on the interim financing, and to pay for additional improvements. Proceeds of the 2001 Series D Bonds also will be used to pay costs of issuance.

The 2001 Bonds are payable from all legally available funds of the City. The City has pledged its full faith and credit to pay the 2001 Bonds. The 2001 Series C Bonds also are secured by a pledge of the PCPA Payments as defined in Ordinance 175439 adopted on April 4, 2001 (the "Series C Ordinance"). The 2001 Series D Bonds also are secured by a pledge of the Civic Stadium Payments as defined in Ordinance 175440 adopted on April 4, 2001 (the "Series D Ordinance"). See "Payment and Security" herein.

The 2001 Bonds are subject to optional redemption prior to maturity. See "Optional Redemption of the 2001 Bonds" herein.

The 2001 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 Preston Gates & Ellis LLP, Portland, Oregon, Bond Counsel, and to certain other conditions. The City expects that the 2001 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about May 15, 2001.

*** The 2001 Series D Bonds maturing on June 1, 2017 and June 1, 2018, and the 2001 Series D Term Bonds maturing on June 1, 2023 are insured by MBIA Insurance Corporation and are rated Aaa by Moody's Investors Service.**

Official Statement Dated May 2, 2001

MATURITY SCHEDULES

$37,100,000 LIMITED TAX REVENUE BONDS

$2,100,000 (PCPA Project), 2001 Series C Bonds (Tax Exempt)

Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736740	Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736740
2002	$60,000	6.50%	3.50%	DC2	2012	$100,000	4.70%	4.70%	DN8
2003	70,000	6.50	3.70	DD0	2013	110,000	4.80	4.80	DP3
2004	70,000	6.50	3.90	DE8	2014	110,000	4.90	4.90	DQ1
2005	80,000	4.00	4.00	DF5	2015	120,000	5.00	5.00	DR9
2006	80,000	4.10	4.10	DG3	2016	120,000	5.00	5.05	DS7
2007	80,000	4.20	4.20	DH1	2017	130,000	5.10	5.10	DT5
2008	90,000	4.30	4.30	DJ7	2018	140,000	5.15	5.15	DU2
2009	90,000	4.40	4.40	DK4	2019	150,000	5.20	5.20	DV0
2010	90,000	4.50	4.50	DL2	2020	150,000	5.20	5.23	DW8
2011	100,000	4.60	4.60	DM0	2021	160,000	5.25	5.25	DX6

$35,000,000 (Civic Stadium Project), 2001 Series D Bonds (Federally Taxable)

Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736740	Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736740
2002	$610,000	6.000%	4.60%	DY4	2011	$1,360,000	6.375%	6.49%	EH0
2003	840,000	6.000	4.90	DZ1	2012	1,445,000	6.500	6.59	EJ6
2004	890,000	6.000	5.22	EA5	2013	1,540,000	6.600	6.64	EK3
2005	945,000	6.000	5.55	EB3	2014	1,640,000	6.700	6.69	EL1
2006	1,000,000	6.000	5.66	EC1	2015	1,750,000	6.700	6.74	EM9
2007	1,060,000	6.000	5.89	ED9	2016	1,870,000	6.800	6.84	EN7
2008	1,125,000	6.500	6.19	EE7	2017	1,995,000	6.800	6.89	EP2 *
2009	1,200,000	6.500	6.29	EF4	2018	2,130,000	6.800	6.94	EQ0 *
2010	1,275,000	6.500	6.39	EG2					

$7,315,000 7.00% 2001 Series D Term Bonds due June 1, 2021; Yield 7.10%
CUSIP Number: 736740ET4
$5,010,000 7.00% 2001 Series D Term Bonds due June 1, 2023; Yield 7.13% *
CUSIP Number: 736740EV9

* Insured by MBIA Insurance Corporation.

OFFICIAL STATEMENT
OF THE

CITY OF PORTLAND, OREGON

Limited Tax Revenue Bonds

$2,100,000	$35,000,000
(PCPA Project) 2001 Series C (Tax Exempt)	(Civic Stadium Project) 2001 Series D (Federally Taxable)

CITY COUNCIL

Vera Katz,
Mayor and Commissioner of Management and Finance

Jim Francesconi, Commissioner of Public Utilities
Charlie Hales, Commissioner of Public Safety
Dan Saltzman, Commissioner of Public Affairs
Erik Sten, Commissioner of Public Works

CITY OFFICIALS

Gary Blackmer, City Auditor
David E. Thurman, City Treasurer
Jeffrey L. Rogers, City Attorney
Timothy Grewe, Chief Administrative Officer, Office of Management and Finance
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Portland, Oregon

This Official Statement has been designed to conform, where applicable, to the guidelines presented in Disclosure Guidelines for State and Local Government Securities, published by the Government Finance Officers Association in 1976 and revised in 1979, 1988 and 1991. The Official Statement DOES NOT constitute a recommendation, express or implied, to purchase or not to purchase these Bonds or any other previous obligations of the City.

CITY OF PORTLAND, OREGON
1851

No dealer, broker, salesperson or other person has been authorized by the City of Portland (the "City") to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Bond Counsel's review of this document is limited; see "Legal Matters" herein.

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 2001 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 Underwriter may over allot or effect transactions which stabilize or maintain the market price of the 2001 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
LIMITED TAX REVENUE BONDS

$2,100,000	$35,000,000
(PCPA Project) 2001 Series C (Tax Exempt)	(Civic Stadium Project) 2001 Series D (Federally Taxable)

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the "City"), and its Limited Tax Revenue Bonds (PCPA Project), 2001 Series C (Tax Exempt) (the "2001 Series C Bonds") and Limited Tax Revenue Bonds (Civic Stadium Project), 2001 Series D (Federally Taxable) (the "2001 Series D Bonds"), collectively the "2001 Bonds." The 2001 Bonds will be issued in accordance with the Uniform Revenue Bond Act (Oregon Revised Statutes ("ORS") Chapter 288.805 to 288.945), City Ordinance No. 173652 adopted on August 18, 1999, City Ordinance Number 174307 adopted on April 5, 2000, and City Ordinances Nos. 175439 and 175440 (the "Series C Ordinance" and "Series D Ordinance," respectively) adopted on April 4, 2001.

THE 2001 BONDS

DESCRIPTION

The 2001 Bonds will be issued in book-entry form only, in registered form in denominations of $5,000 or integral multiples thereof. The 2001 Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"). While the 2001 Bonds are in book-entry form, principal of and interest on the Bonds will be paid through DTC. See "Book-Entry System" in Appendix F.

The 2001 Bonds will be dated May 1, 2001, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the 2001 Bonds is payable on December 1, 2001, and semi-annually thereafter on June 1 and December 1 of each year, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

AUTHORIZATION AND PURPOSE

The 2001 Bonds are being issued in accordance with the Uniform Revenue Bond Act (ORS 288.805 to 288.945), Ordinance No. 173652 approved by the City Council on August 18, 1999, Ordinance Number 174307 adopted on April 5, 2000, and the Series C Ordinance and Series D Ordinance approved by the City Council on April 4, 2001. See Appendix A for the Series C Ordinance and the Series D Ordinance.

The purpose of the 2001 Series C Bonds is to pay for the cost of improvements to the Portland Center for the Performing Arts (the "PCPA") and to pay for costs of issuance. The purpose of the 2001 Series D Bonds is to refund outstanding principal of interim financing issued to fund improvements to the Civic Stadium (recently renamed "PGE Park"), including interest costs incurred on the interim financing line of credit. Proceeds of the 2001 D Bonds will also be used to fund additional capital improvements and to pay for costs of issuance. See "PCPA and Civic Stadium Projects" herein.

PAYMENT AND SECURITY

The 2001 Bonds are payable from the City's Available General Funds as defined in the Uniform Revenue Bond Act, including all taxes and other legally available funds of the City. The City has pledged its full faith and credit to pay the 2001 Bonds.

The 2001 Series C Bonds are additionally secured by a pledge of the PCPA Payments, defined in the Series C Ordinance as all amounts the City is entitled to receive under the Visitor Facilities Intergovernmental Agreement (the "Agreement") between the City, Multnomah County (the "County"), and the Metropolitan Service District ("Metro") to pay debt service on obligations issued to finance costs of the PCPA Project, including costs of issuance.

The 2001 Series D Bonds also are secured by a pledge of the Civic Stadium Payments, defined in the Series D Ordinance as all amounts the City is entitled to receive under the Agreement between the City, the County, and Metro to pay debt service on obligations issued to finance costs of the Civic Stadium Project, including costs of issuance.

Based upon the Agreement signed by the governmental bodies participating in the Visitor Development Initiative (see "The Visitor Development Initiative Plan of Finance" herein), 2.5 percent surcharges on the transient lodging tax ("TLT") and the motor vehicle rental tax ("VRT") were enacted by the County effective April 1, 2000. The Agreement and these surcharges will end the earliest of: (1) the date that all of the bonds issued through the Agreement are paid or defeased; (2) July 1, 2026, if bonds issued by the City to fund the completion of the Oregon Convention Center (the "OCC Completion Bonds") have been fully paid or defeased by that date; or (3) the date the OCC Completion Bonds are paid or defeased if that date is after July 1, 2026.

The two surcharges and earnings thereon, less the County's costs of collection and administration, constitute "Net Revenues" which are collected by the County and are deposited into the Visitors Facilities Trust Account ("VFTA") held by the County. See "The Visitor Development Initiative Plan of Finance" herein. The County has acknowledged in the Agreement that the City will be issuing bonds in reliance upon the County's commitment to deposit the Net Revenues into the VFTA, the continuance of these taxes and the payments from the VFTA to the City, or as directed by the City, for repayment of the bonds. The County has pledged the Net Revenues for the benefit of the City, Metro, the owners of all of the bonds issued as part of the Agreement and the beneficiaries of the VFTA (the City, the owners of the bonds, Metro, Tri-Met and the Visitor Development Board, which is comprised of representatives from the visitor services industry and government officials).

THE MBIA INSURANCE CORPORATION INSURANCE POLICY

The scheduled payment of principal of and interest on the 2001 Series D Bonds maturing on June 1, 2017 and June 1, 2018, and the 2001 Series D Term Bonds maturing on June 1, 2023, (collectively, the "2001 Series D Insured Bonds"), when due will be guaranteed by an insurance policy to be issued concurrently with the delivery of the 2001 Series D Bonds by MBIA Insurance Corporation.

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to Appendix E for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the 2001 Series D Insured Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the 2001 Series D Insured Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any 2001 Series D Insured Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of 2001 Series D Insured Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the 2001 Series D Insured Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the 2001 Series D Insured Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a 2001 Series D Insured Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 2001 Series D Insured Bonds or presentment of such other proof of ownership of the 2001 Series D Insured Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the 2001 Series D Insured Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the 2001 Series D Insured Bonds in any legal proceeding related to payment of insured amounts on the 2001 Series D Insured Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such 2001 Series D Insured Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of $7.0 billion (audited), total liabilities of $4.6 billion (audited), and total capital and surplus of $2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2000, the Insurer had admitted assets of $7.6 billion (audited), total liabilities of $5.2 billion (audited), and total capital and surplus of $2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York l0504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa".

The rating of the Insurer should be evaluated independently. The rating reflects the rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above rating may be obtained only from the applicable rating agency.

The above rating is not a recommendation to buy, sell or hold the 2001 Series D Insured Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2001 Series D Insured Bonds. The Insurer does not guaranty the market price of the 2001 Series D Insured Bonds nor does it guaranty that the ratings on the 2001 Series D Insured Bonds will not be revised or withdrawn.

OPTIONAL REDEMPTION OF 2001 BONDS

The 2001 Bonds maturing after June 1, 2011 are subject to redemption prior to maturity in whole or in part at the option of the City on June 1, 2011, and on any date thereafter in any order of maturity and by lot within a maturity, at a price of par, plus interest accrued to the date fixed for redemption.

While the 2001 Bonds are in book-entry form, notice of redemption will be given to DTC in accordance with DTC's rules. Unless the book-entry system is discontinued, notice of any call for redemption shall be given to DTC not less than thirty days prior to the redemption date. DTC shall be responsible for notifying the DTC participants; Beneficial Owners are responsible for making arrangements with the DTC participants to received redemption notices. Interest on any 2001 Bond or Bonds called for redemption shall cease on the redemption date designated in the notice.

MANDATORY REDEMPTION OF 2001 SERIES D BONDS

The 2001 Series D Bonds maturing on June 1, 2021 and on June 1, 2023 are subject to mandatory redemption on June 1 in each of the years and in the principal amounts set forth in the following table, such redemption to be at a price equal to 100 percent of the principal amount to be redeemed plus accrued interest to the date fixed for redemption. The 2001 Series D Bonds to be redeemed on each such date shall be selected by lot.

Term Bond due June 1, 2021

Redemption Dates June 1	Principal Amount to be Redeemed
2019	$2,275,000
2020	2,435,000
2021*	2,605,000

Term Bond due June 1, 2023

Redemption Dates June 1	Principal Amount to be Redeemed
2022	2,790,000
2023*	2,220,000

*Final maturity

FORM

In accordance with the Book-Entry System, the 2001 Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Purchasers of the 2001 Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2001 Bonds. While Cede & Co. is the registered Owner of the 2001 Bonds (in such capacity, the "Owner") as nominee of DTC, it shall be treated in all respects as the sole Owner of the 2001 Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2001 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 2001 Bonds under the Ordinance or applicable law. So long as the 2001 Bonds are subject to the Book-Entry System, all registrations and transfers of Beneficial Ownership of the 2001 Bonds will be made only through the Book-Entry System. See "BOOK-ENTRY SYSTEM" in Appendix F herein.

PAYMENT OF THE 2001 BONDS WHILE IN BOOK-ENTRY SYSTEM

So long as the 2001 Bonds are subject to the Book-Entry System, all payments of the principal of and interest on the 2001 Bonds shall be remitted by the Registrar and Paying Agent, currently U.S. Bank Trust 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 2001 Bonds. The City has no responsibility for the distribution of any payments on the 2001 Bonds by DTC to any DTC Participant or by any DTC Participant to any Beneficial Owner, and shall have no liability whatsoever in the event of any failure by DTC or a DTC Participant to make any such distribution. See "BOOK-ENTRY SYSTEM" in Appendix F herein.

PCPA AND CIVIC STADIUM PROJECTS

PCPA Project

The PCPA is owned by the City and operated by the Metropolitan Exposition-Recreation Commission ("MERC"). Each year the PCPA is host to over 900 events representing a range of performing artists, including locally-produced ballet, opera, symphony and theater productions, along with national concert artists and touring Broadway shows.

The PCPA is comprised of three main buildings:

- Keller Auditorium (formerly the Civic Auditorium), originally constructed in 1917 and completely renovated in 1968;

- the Arlene Schnitzer Concert Hall, which opened in 1984 following restoration of the Portland Public Theatre building, constructed in 1928; and

- the New Theatre Building, which contains the Dolores Winningstad Theatre, the Newmark Theatre, and Brunish Hall.

Proceeds of the 2001 Series C Bonds will be used to undertake $2.1 million of needed capital improvements for the PCPA. Major projects include construction of additional women's restrooms, sound and theatrical lighting equipment replacement, HVAC repairs, carpet replacement, and seating restoration.

Civic Stadium Project

The City owns Civic Stadium (recently renamed "PGE Park"), a 19,000 fixed-seating, outdoor sports facility located at SW 18th Avenue and SW Morrison Street. The Stadium, built in 1926, is in need of substantial repairs in order to correct seismic and other structural deficiencies and to address basic facility needs. In the process of planning for its aging facilities, the City established a goal of substantially renovating and upgrading Civic Stadium to serve as a general purpose, outdoor venue suitable for multiple uses, including professional baseball, collegiate and high school football, professional and amateur soccer, concerts, and other spectator uses.

During the fall of 1998, the City conducted a "Request For Proposal" process to select a private party with which to form a public-private partnership for the renovation and enhanced operations of Civic Stadium. The City selected Portland Family Entertainment ("PFE") through this process and negotiated an agreement with PFE covering the renovation and operation of Civic Stadium. PFE is an entity comprised of partners that are experienced in the business of sports and in the development and operations of sporting venues. PFE is comprised of primarily Portland-based entities and individuals.

The agreement with PFE provides for extensive rehabilitation and modernization of Civic Stadium. The total capital cost of renovating the facility is approximately $40 million, of which $5.5 million will be contributed by PFE and the remainder will be provided by the City. Capital improvements include renovation of the main and field level concourses; seismic upgrades; rehabilitation of the exterior plaza and facades; construction of luxury suites; upgrades of seats, elevators, lighting, and turnstiles; improvements to scoreboards, dugouts, bullpens, and press facilities; and installation of new camera platforms, concession facilities, and a new artificial grass field.

Rehabilitation of the stadium began in July 2000 and is expected to be fully completed in the summer of 2001. The City entered into an agreement for a line of credit to provide interim financing for its share of the renovation. As of April 1, 2001, the City had made draws on the line of credit in the amount of approximately $20.8 million, including draws to fund interest costs. Proceeds of the 2001 Series D Bonds will be used to refund the line of credit and to provide additional funding to complete the renovation of Civic Stadium.

THE VISITOR DEVELOPMENT INITIATIVE PLAN OF FINANCE

The Visitor Development Initiative ("VDI") is a consortium consisting of the City, the County, Metro, MERC, and the tourism industry, in particular, the Portland Oregon Visitors Association ("POVA") and representatives of the hotel industry and the rental car industry.

Summary of the Agreement

The Agreement requires that the TLT and VRT surcharges, plus earnings thereon, less the County's costs of collection and administration (the "Net Revenues") be used in the following order priority:

- *First*, to pay the OCC Completion Bonds, issued by the City on February 13, 2001, to complete the expansion of the Oregon Convention Center. Payment of debt service on these bonds has the highest claim on Net Revenues, including subsequent years' Net Revenues if the current year's Net Revenues are insufficient. Also, under the Agreement, if the Net Revenues are insufficient to pay debt service on the OCC Completion Bonds, then the existing portion of the 3 percent TLT taxes that are provided to Metro by the County (these are not part of the Net Revenues) for the purpose of operating the Oregon Convention Center are to be made available to pay debt service on these bonds.

- *Second*, to pay debt service on the 2001 Series C Bonds to finance improvements for the PCPA. The principal amount of these bonds will not exceed $2.1 million. Payment of debt service on the 2001 Series C Bonds has the second highest claim on Net Revenues, including subsequent years' Net Revenues if the current year's Net Revenues are insufficient.

- *Third*, to pay debt service on the 2001 Series D Bonds, which will finance improvements to Civic Stadium. The Civic Stadium is an outdoor stadium owned by the City and operated by PFE. Debt service on the 2001 Series D Bonds will be paid by the City from certain payments received from PFE's operation of Civic Stadium to the extent they are available, with any remaining debt service paid from Net Revenues. Payment of debt service on the 2001 Series D Bonds has the third highest claim on Net Revenues, including subsequent years' Net Revenues if the current year's Net Revenues are insufficient.

- *Fourth*, after the payment of debt service on the OCC Completion Bonds and the 2001 Bonds, to fund Metro's costs of operating the OCC. During the first six years there is a specific amount of funding set in the Agreement; during all years Metro may approach the City, the County and the Visitor Development Board ("VDB") for additional funding; the City and the County make the determination on whether to allocate these monies. Currently Metro receives a major portion of the 3 percent TLT collected by the County to operate the OCC. These taxes will continue to be paid to Metro subject to the priority of the debt service on the bonds as described above.

- *Fifth*, to make payments to Metro for marketing the Oregon Convention Center in the amount of $250,000 in year one, $350,000 in year two, and in increasing amounts in subsequent years.

- *Sixth*, to provide specific annual amounts to the Tri-County Metropolitan Transportation District ("Tri-Met") to fund the costs associated with the expansion of Fareless Square (an area within downtown Portland in which free transit service is offered) to the area around the OCC.

- *Seventh*, to provide annual funding to the VDB to promote visitor development.

- *Eighth*, to provide specified amounts to Metro to assist with the PCPA operations. MERC operates the PCPA, which is owned by the City.

- *Finally*, any remaining Net Revenues will be allocated to a Revenue Stabilization Subaccount ("RSS"). This subaccount will first be used to make up shortfalls in prior year distributions and then will collect excess funds.

NET REVENUES OF THE VDI

The City projects that the Net Revenues will be sufficient to pay the OCC Completion Bonds and the 2001 Bonds. The components of and methodology for projecting the Net Revenues are described below.

Transient Lodging Tax

The TLT was enacted by County Ordinance No. 56 in 1972. Every operator renting rooms or space for lodging or sleeping purposes in the County must collect an 11.5 percent tax on the rent charged by the operator and paid to the County quarterly, after deductions for administration costs and authorized refunds or credits. This tax includes a 2.5 percent surcharge recently enacted and made effective April 1, 2000 as part of the funding of the VDI. Hotel/motel operators are allowed to keep 5 percent of the 2.5 percent TLT surcharge (0.125 percent) for administration costs and the remaining 2.375 percent is dedicated to the VDI. The City collects the TLT surcharge within the City and remits these taxes to the County, which then deposits the taxes in the VFTA.

The remaining 9 percent TLT is not pledged to the VDI or the 2001 Bonds, and is shared as follows. Within incorporated cities, the County receives 3 percent, which is applied to the Excise Tax Fund to fund operations of the OCC, operations of the PCPA, and miscellaneous tourism activities, and the cities retain 6 percent. In the unincorporated areas, the County receives the full 9 percent of the TLT, of which 5 percent is allocated to the County General Fund, 1 percent is used exclusively for contracting with private organizations for the promotion, solicitation, procurement, and service of convention business and tourism in the County, and 3 percent goes to the Excise Tax Fund described above.

The City has used historical collections of the 3 percent TLT from the incorporated and unincorporated areas of the County to project the 2.5 percent surcharge for the VDI shown in Table 1. In FY 1999-00, the 3 percent TLT totaled over $6.6 million, representing an increase of 7.4 percent over the prior year collections. (None of the 2.5 percent surcharge was deposited in the VDF during this period due to the quarterly collection procedures.) The County projects that, for FY 2000-01, the 2.5 percent surcharge will be over $5.7 million.

Table 1
CITY OF PORTLAND, OREGON
Transient Lodging Tax – Collection History and Projection

Fiscal Year Ending June 30	Historical Collection of 3% Tax, Adjusted to 2.5%	Percent Change	Projected Collection of 2.5% Surcharge (1)	Projected Percent Change
1998	$4,918,534			
1999	5,167,000	5.05%		
2000	5,549,197	7.40%		
2001			$5,429,889	3.00%
2002			5,592,786	3.00%
2003			5,816,497	4.00%
2004			6,049,157	4.00%
2005 (2)			6,351,615	5.00%
2006			6,605,679	4.00%

Notes:

(1) Projections are net of 5 percent handling fee.

(2) The Oregon Convention Center expansion is expected to be completed and open by mid to late 2003, thus increasing TLT revenue collections primarily in FY 2004-05, delayed by the quarterly lag in collections.

Source: Historical data provided by Multnomah County. Projections made by City of Portland.

Motor Vehicle Rental Tax

The VRT was enacted by County Ordinance No. 122 in 1976. "Motor vehicles" include automobiles, trucks having a manufacturer's gross vehicle weight not exceeding 24,000 pounds, motor homes, motorcycles, pickup campers, any motorized vehicles designed to carry fewer than ten persons. The initial tax rate was set at 10 percent on gross rental fees imposed on every person renting a motor vehicle from a commercial establishment doing business in Multnomah County, if the rental is for a period of 30 days or less. In February 2000, the County approved Ordinance 942 implementing the additional 2.5 percent surcharge, which was effective April 1, 2000.

The 10 percent taxes collected under MCC 11.300 through 11.399 are not dedicated for any specific use and are not pledged to the 2001 Bonds. All of the VRT, including the 2.5 percent surcharge, are pledged to certain County bonds, which are listed below.

- Multnomah County's Series 1998 due October 1, 2014, with $3,000,000 outstanding
- Multnomah County's Series 2000 A due November 1, 2015, with $2,000,000 outstanding
- Multnomah County's Series 2000 B due November 1, 2015 with $3,500,000 outstanding

The County expects that the 10 percent VRT will be sufficient to retire these County bonds. However, the Agreement acknowledges that the County's pledge of all VRT to these bonds stands prior to the OCC Completion Bonds and the 2001 Bonds, and that a portion of the 2.5 percent surcharge could be withheld if the 10 percent VRT were insufficient to pay the debt service on these bonds. No further bonds may be issued by the County with a parity pledge of VRT including the 2.5 percent surcharge.

In FY 1999-00, the County collected $11,714,978 of 10 percent VRT, which was an increase of 8.4 percent over the prior year, and $710,725 of the 2.5 percent surcharge for the quarter it was effective. The County projects that, for FY 2000-01, the 2.5 percent surcharge will be over $3,000,000.

Table 2
CITY OF PORTLAND, OREGON
Vehicle Rental Tax – Collection History and Projection

Fiscal Year Ending June 30	Historical Collection of 3% Tax, Adjusted to 2.5%	Percent Change	Projected Collection of 2.5% Surcharge	Projected Percent Change
1998	$2,551,000			
1999	2,700,000	5.84%		
2000	2,928,745	8.47%		
2001			$3,028,615	3.41%
2002			3,131,891	3.41%
2003			3,238,688	3.41%
2004			3,349,127	3.41%
2005			3,463,333	3.41%
2006			3,703,559	3.41%

Source: Historical data provided by Multnomah County. Projections made by City of Portland.

Projected Net Revenues and Other Civic Stadium Revenues

Based on the preceding projections, the City estimates that the Net Revenues available to pay the 2001 Bonds will be as shown in the following table. Note that the City does not impose either the TLT or the VRT, and that collections of those taxes and the Net Revenues depend on the use of rental cars, occupancy of hotels, the general condition of the economy, and other factors beyond the control of the City.

Table 3
CITY OF PORTLAND, OREGON
Net Revenues Projection
(FY 2000-01 through FY 2005-06)

Fiscal Year Ending June 30	Projected Collection of TLT Surcharge (Net of 5% Handling Fee)	Projected Collections of VRT Surcharge	Less Administrative Fee (Currently 0.7%)	Projected VDI Net Revenues
2001	$5,429,889	$3,028,615	($59,210)	$8,399,294
2002	5,592,786	3,131,891	(61,073)	8,663,603
2003	5,816,497	3,238,688	(63,386)	8,991,799
2004	6,049,157	3,349,127	(65,788)	9,332,496
2005	6,351,615	3,463,333	(68,705)	9,746,243
2006	6,605,679	3,581,432	(71,310)	10,115,802

Source: City of Portland.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The anticipated uses of proceeds from the 2001 Bonds are itemized in the following table:

Table 4
CITY OF PORTLAND, OREGON
Estimated Sources and Uses of Bond Proceeds

	2001 SERIES C	2001 SERIES D
SOURCES:		
Par amount of bonds	$2,100,000.00	$35,000,000.00
Reoffering premium	9,653.10	0.00
Accrued interest	4,065.06	90,786.31
TOTAL SOURCES	$2,113,718.16	$35,090,786.31
USES:		
Deposit to construction fund	$2,059,000.00	$8,526,071.06
Refund line of credit	0.00	26,058,286.59
Underwriter's discount	31,392.40	206,335.00
Original issue discount	0.00	110,192.35
Bond insurance premium	0.00	39,115.00
Costs of issuance	19,260.70	60,000.00
Accrued interest	4,065.06	90,786.31
TOTAL USES	$2,113,718.16	$35,090,786.31

Source: City of Portland.

The following table presents the debt service on the OCC Completion Bonds and the 2001 Bonds.

Table 5
CITY OF PORTLAND, OREGON
Scheduled Debt Service on the OCC Completion Bonds and the 2001 Bonds

Fiscal Year Ending June 30	2001 SERIES A/B BONDS (1)	2001 SERIES C BONDS			2001 SERIES D BONDS			TOTAL
		Principal	Interest	Total	Principal	Interest	Total	
2001	$1,397,938	-	-	-	-	-	-	$1,397,938
2002	4,193,813	$60,000	$113,241	$173,241	$610,000	$2,529,047	$3,139,047	7,506,101
2003	4,193,813	70,000	100,630	170,630	840,000	2,297,905	3,137,905	7,502,348
2004	4,503,813	70,000	96,080	166,080	890,000	2,247,505	3,137,505	7,807,398
2005	4,976,763	80,000	91,530	171,530	945,000	2,194,105	3,139,105	8,287,398
2006	5,142,763	80,000	88,330	168,330	1,000,000	2,137,405	3,137,405	8,448,498
2007	5,347,213	80,000	85,050	165,050	1,060,000	2,077,405	3,137,405	8,649,668
2008	5,567,363	90,000	81,690	171,690	1,125,000	2,013,805	3,138,805	8,877,858
2009	5,791,563	90,000	77,820	167,820	1,200,000	1,940,680	3,140,680	9,100,063
2010	6,038,713	90,000	73,860	163,860	1,275,000	1,862,680	3,137,680	9,340,253
2011	6,067,713	100,000	69,810	169,810	1,360,000	1,779,805	3,139,805	9,377,328
2012	6,264,713	100,000	65,210	165,210	1,445,000	1,693,105	3,138,105	9,568,028
2013	6,591,213	110,000	60,510	170,510	1,540,000	1,599,180	3,139,180	9,900,903
2014	6,845,713	110,000	55,230	165,230	1,640,000	1,497,540	3,137,540	10,148,483
2015	7,091,713	120,000	49,840	169,840	1,750,000	1,387,660	3,137,660	10,399,213
2016	7,494,713	120,000	43,840	163,840	1,870,000	1,270,410	3,140,410	10,798,963
2017	8,191,713	130,000	37,840	167,840	1,995,000	1,143,250	3,138,250	11,497,803
2018	8,248,213	140,000	31,210	171,210	2,130,000	1,007,590	3,137,590	11,557,013
2019	8,570,713	150,000	24,000	174,000	2,275,000	862,750	3,137,750	11,882,463
2020	8,915,713	150,000	16,200	166,200	2,435,000	703,500	3,138,500	12,220,413
2021	9,271,213	160,000	8,400	168,400	2,605,000	533,050	3,138,050	12,577,663
2022	9,380,713	-			2,790,000	350,700	3,140,700	12,521,413
2023	9,891,713	-			2,220,000	155,400	2,375,400	12,267,113
2024	9,889,713	-			-	-	-	9,889,713
2025	9,891,213	-			-	-	-	9,891,213
2026	9,896,063	-			-	-	-	9,896,063
2027	9,891,438	-			-	-	-	9,891,438
2028	9,896,825	-			-	-	-	9,896,825
2029	9,990,688	-			-	-	-	9,990,688
2030	9,997,388	-			-	-	-	9,997,388
TOTAL	$219,432,838	$2,100,000	$1,270,321	$3,370,321	$35,000,000	$33,284,477	$68,284,477	$291,087,650

Notes:

(1) These are the OCC Completion Bonds, issued by the City on February 13, 2001, pursuant to the Agreement.

Source: City of Portland.

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12), the City will provide annually the information presented in this section entitled "Annual Disclosure Information" to all NRMSIRs and SIDs, if any. (See Appendix D, "Continuing Disclosure Certificate" herein.)

FINANCIAL OPERATIONS

Financial Reporting

The City has received the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting every year since 1982. 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.

Basis of Accounting

The governmental fund types, expendable trust funds, and agency funds are maintained on the modified accrual basis of accounting. The City's accounting practices conform to generally accepted accounting principles as interpreted by the Governmental Accounting Standards Board.

Fiscal Year

July 1 to June 30.

Audits

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once each year. The audit must be made by accountants whose names are included on the roster prepared by the State Board of Accountancy. City audits for fiscal years ending June 30, 1977 through 1995 were performed by Coopers & Lybrand. City audits for FY 1995-96 and thereafter were performed by KPMG Peat Marwick LLP. A complete copy of the City's FY 1999-00 audit may be obtained from the City's Debt Manager at the City of Portland, Office of Management and Finance, Public Finance and Treasury Division, 1221 SW Fourth Avenue, Room 120, Portland, Oregon 97204, or from the City's web page at http://www.ci.portland.or.us/finance/OFA. The City's web page is listed for reference only, and is not part of this Official Statement.

The City has received the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting every year since 1982. 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.

Net Revenues

The City will report the total Net Revenues for each Fiscal Year. The Net Revenues for Fiscal Year 2000-01 are not yet known. The City does not intend to provide a breakdown of the individual components of the Net Revenues (the TLT and VRT collections and the County's administrative fees). The City will also disclose the balance of the RSS at the end of the Fiscal Year. See "THE VISITOR DEVELOPMENT INITIATIVE PLAN OF FINANCE—Net Revenues of the VDI" for an explanation of the components of the Net Revenues and the nature of the RSS.

General Fund

Financial operations of the City that are not accounted for in any other fund are shown in the general fund (the "General Fund"). Principal sources of revenue are property taxes, licenses and permits, billings for interfund services, and state shared revenues. Primary expenditures in the General Fund are made for police protection, fire protection and maintenance of park facilities. The following tables present a Statement of Revenues, Expenditures and Changes in Fund Balance and Balance Sheet for the General Fund for the past five fiscal years.

Table 6
CITY OF PORTLAND, OREGON
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Generally Accepted Accounting Principles Basis
for Fiscal Year Ended June 30

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00 (1)
Revenues					
Taxes	$131,261,621	$140,125,559	$130,301,916	$136,115,333	$199,498,081
Intergovernmental revenues	12,771,482	13,543,038	14,647,660	15,177,024	16,448,048
Licenses and permits	73,643,427	77,440,914	83,776,795	86,724,686	87,788,397
Charges for services	40,027,506	42,893,488	46,776,361	51,107,163	54,877,077
Interest and miscellaneous revenues	10,014,139	10,357,574	10,287,811	12,066,342	10,113,736
Total Revenues	$267,718,175	$284,360,573	$285,790,543	$301,190,548	$368,725,339
Expenditures					
Planning/community development	$6,003,930	$7,417,710	$7,798,084	$8,568,794	$5,183,989
Citizen/community services	8,213,819	8,611,734	9,075,706	11,369,887	12,168,685
Public safety	150,476,687	153,944,795	155,201,807	164,350,530	168,737,273
Support services/legis./administrative	49,305,477	59,268,550	53,049,394	59,887,136	121,708,477
Parks/recreation/cultural	29,302,957	32,422,619	31,709,166	34,772,734	38,655,862
Capital outlay	5,671,108	6,340,024	8,205,853	9,442,832	1,390,020
Total Expenditures	$248,973,978	$268,005,432	$265,040,010	$288,391,913	$347,844,306
Revenues Over (Under) Expenditures	$18,744,197	$16,355,141	$20,750,533	$12,798,635	$20,881,033
Other Financing Sources (Uses)					
Proceeds from bond and note sales	--	--	--	--	--
Operating transfers in	7,932,738	8,416,345	12,152,289	14,296,389	14,570,032
Operating transfers out	(23,717,174)	(17,349,439)	(27,922,952)	(39,812,017)	(38,750,184)
Total Other Sources (Uses)	($15,784,436)	($8,933,094)	($15,770,663)	($25,515,628)	($24,180,152)
Revenues Over (Under) Expenditures and Other Sources (Uses)	$2,959,761	$7,422,047	$4,979,870	($12,716,993)	($3,299,119)
Fund Balance, Beginning of Year	$52,350,037	$55,349,662	$62,772,466	$67,729,991	$55,043,649
Change in inventory	39,832	(13,308)	(22,345)	30,651	(14,019)
Residual equity transfer	32	14,065	--	--	--
Fund Balances, End of Year	$55,349,662	$62,772,466	$67,729,991	$55,043,649	$51,730,511

Notes:

(1) The significant increase in Tax Revenues and Support Services/Legislative/Administrative Expenditures in FY 1999-2000 was due to a change in the accounting treatment of property tax revenues collected for Fire and Police Disability and Retirement ("FPDR") pension benefits. FPDR property tax revenues are now recorded in the General Fund, and then transferred to the FPDR Pension Trust Fund. The transfer is reflected in the Support Services/Legislative/Administrative expenditure category.

Source: Derived from City of Portland audited annual financial statements.

Table 7
CITY OF PORTLAND, OREGON
General Fund
Consecutive Balance Sheets
For Fiscal Year Ending June 30

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00
ASSETS:					
Cash and investments	$61,169,067	$74,078,913	$78,429,699	$64,125,298	$62,436,481
Receivables:					
Property taxes	8,448,859	8,630,468	7,954,768	8,075,460	12,504,788
Accounts, interest and advances	3,776,247	3,115,726	4,066,730	5,126,267	4,223,100
Assessments	2,000	1,000	1,000	1,000	1,000
Internal	3,260,000	--	--	--	--
Contracts	--	--	--	--	--
Due from other funds	2,986,460	2,820,601	4,684,477	4,444,137	5,041,879
Inventories	364,909	351,601	329,256	359,907	345,888
Total Assets	$80,007,542	$88,998,309	$95,465,930	$82,132,069	$84,553,136
LIABILITIES:					
Warrants, accounts payable and accrued liabilities	$4,498,998	$4,718,360	$5,287,408	$5,760,092	$5,229,269
Deferred revenue	19,756,799	21,105,400	22,046,448	20,644,245	22,910,903
Due to other funds	402,083	402,083	402,083	684,083	4,682,453
Total Liabilities	$24,657,880	$26,225,843	$27,735,939	$27,088,420	$32,822,625
FUND BALANCE:					
Reserved for petty cash	$18,880	$18,880	$18,880	$20,880	$20,880
Reserved for inventories	364,909	351,601	329,256	359,907	345,888
Unreserved	54,965,873	62,401,985	67,381,855	54,662,862	51,363,743
Total Fund Balance	$55,349,662	$62,772,466	$67,729,991	$55,043,649	$51,730,511
Total Liabilities and Fund Balance	$80,007,542	$88,998,309	$95,465,930	$82,132,069	$84,553,136

Source: Derived from City of Portland audited annual financial statements.

BUDGETING PROCESS

The City prepares annual budgets for each bureau in accordance with provisions of the Oregon Local Budget Law, which provides standard procedures for the preparation, presentation, administration, and appraisal of budgets. While the City must legally adopt an annual budget each fiscal year in accordance with Oregon Local Budget Law, it also prepares a biennial budget consistent with five-year financial plans. City policy requires all budgetary decisions to be balanced and sustainable over the biennial budget period and the five-year planning period. During the development and adoption of the biennial budget, the emphasis is on decisions made in the first year. Year-one allocations are incorporated into the year-one adopted budget. Year-two allocation decisions are not legally binding until adoption of the year-two budget.

Every year between the months of October and February, each bureau within the City prepares a proposed budget. Budget proposals are reviewed by the City's Office of Finance and Administration prior to the development of the Mayor's Proposed Budget. The Mayor's Proposed Budget is presented to the full Council sitting as the Budget Committee (a requirement of Local

Budget Law) who may amend and ultimately vote to approve the Budget. Public input and comment on the budget is solicited throughout the process.

The Approved Budget is sent to elected officials, City Council, and the Tax Supervising Conservation Commission ("TSCC"), an independent board appointed by the governor to review the budgets of all legal entities within Multnomah County. The TSCC reviews the Budget and conducts a public hearing with the City Council in attendance, normally between mid-May and mid-June. Final approval of the Budget is through a majority vote of the City Council. This is scheduled to occur in late June, as close as practical to the beginning of the fiscal year.

INSURANCE

The City is self-funded and administered in the areas of comprehensive general, fleet liability and worker's compensation insurance. The State of Oregon protects public bodies by disallowing claim payments greater than (i) $50,000 to any claimant for any number of claims for damage to or destruction of property, including consequential damages, arising out of a single accident or occurrence; (ii) $200,000 to any claimant for all other claims arising out of a single accident or occurrence; (iii) $500,000 for any number of claims arising out of a single accident or occurrence.

The City purchases insurance coverage for several other types of risk including all risk property insurance, boiler and machinery insurance, and marine hull and machinery insurance. Performance bond coverage is provided for all City officials and employees. All sewage treatment and pumping facilities are insured for loss through purchased insurance coverage. Collection systems and interceptor sewer lines are not insured but are repaired and replaced as required through the maintenance program of the Bureau of Environmental Services.

PENSION PLANS

Oregon Public Employees Retirement System

Substantially all City employees (other than most fire and police personnel), after six months of employment, are participants in the State of Oregon Public Employees Retirement System ("PERS"), a hybrid defined benefit/defined contribution pension plan to which employees and employers both contribute. The rate of employee contribution (6 percent of compensation) is established by law, and is paid by the City in conformance with City policy. The rate of the employer contribution is set periodically by PERS based on actuarial valuations, and in no event is less than six percent, which matches the employee contribution regardless of whether or not such payment is paid by the employer. The total pension plan contribution of the City charged to expenditures for FY 1999-00 was $28,125,050.

In November 1999, the City issued approximately $300 million of limited tax pension obligation revenue bonds to cover its unfunded actuarial accrued liability through December 31, 1997. The City will pay the fully funded employer rate of 8.56 percent of covered employees' salaries to PERS beginning January 1, 2000 through FY 2000-01. The City has been notified by PERS that it has an actuarial surplus of $60.84 million as of December 31, 1999, and that its FY 2001-02 employer contribution rate will be 7.58 percent. This contribution rate is subject to future adjustment based upon the results of subsequent actuarial valuations.

Fire and Police Disability and Retirement Fund

Most of the fire and police personnel are covered under the City's Fire and Police Disability and Retirement ("FPDR") Fund. The FPDR Fund is financed from a special property tax levy of not less than $1.00 or more than $2.80 per $1,000 of real market value of property in the City. The FY 2000-01 levy of $65,671,249 for pension purposes requires a tax rate of $2.06 per $1,000 of assessed property value (or approximately $1.50 per $1,000 of real market property value). As of July 1, 2000, the unfunded actuarial liability of the FPDR Fund was $976,304,041 based on estimates provided by the FPDR Fund actuary.

In November 1989, the voters of the City agreed to amend the FPDR Plan to bring its provisions in line with PERS. Under state law, plans must be "equal to or better than" PERS. Basic retirement benefit changes involved reducing vesting from 25 years to 5 years, elimination of employee contributions, and elimination of termination of benefits to a surviving spouse that remarries. Disability benefits were modernized to add covered conditions such as AIDS and Hepatitis B, vocational rehabilitation, wage offsets for outside earnings, and reduction of benefits when conditions become medically stationary and a person is capable of other employment. Calculation of disability pay was also changed from 100 percent of salary for the first year, 100 percent of First Class Patrol or Firefighter for the next 3 years and 60 percent of First Class pay thereafter, to 75 percent of salary until medically stable and capable of other employment.

OVERVIEW OF CITY INDEBTEDNESS

Debt Management Policy

In April 1984, the City Council adopted Resolution No. 33661, which places centralized responsibility for Debt Management in the Office of Management and Finance and establishes standards and procedures for the issuance of debt. The policy includes more restrictive limits on City debt issuance than required by State law. In the fall of 1995, this policy was updated and expanded to include current and future debt practices. Among the general provisions included in the debt policy are types of debt that may be issued and limitations on their use, selection of finance professionals, methods of sale, structure and term of City indebtedness, issuance of conduit debt, and refunding outstanding debt. The updated policy was adopted by the City Council in October 1995.

Debt History

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

Debt Limitation

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

OUTSTANDING LONG TERM DEBT

The City issues a variety of debt types for the purpose of carrying out its capital financing activities. These various debt types are shown in the table titled "Long-Term Debt Statement." Outstanding debt amounts are as of April 1, 2001, and do not include the 2001 Bonds.

Unlimited Tax General Obligation Bonds

Tax Supported General Obligation Bonds

The City has $74.955 million of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding stadium improvements, construction of a performing arts center, park system improvements, and emergency facilities. The City is authorized to levy an unlimited ad valorem tax to pay these bonds.

Self-Supporting General Obligation Water Bonds

The City has $36.44 million of outstanding self-supporting general obligation water bonds. While the City has the authority to levy an unlimited ad valorem tax to pay these bonds, the City has chosen to pay these bonds entirely from revenues of the water system.

Bonds Paid and/or Secured by the General Fund

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

Non Self-Supporting General Fund Obligations

Limited Tax Revenue Bonds/Full Faith and Credit Obligations. As of April 1, 2001, the City had approximately $76.1 million of outstanding limited tax revenue bonds (excluding Limited Tax Revenue Bonds issued for the Interstate MAX Project described below). These bonds are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to satisfy a variety of capital financing requirements. Additionally, the City has approximately $28.1 million of outstanding full faith and credit obligations that also are paid in whole or in part from resources of the City's General Fund. These obligations have funded a variety of capital projects including building improvements and renovations, equipment acquisition and other miscellaneous projects.

Limited Tax Pension Obligation Revenue Bonds. The City issued $300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State of Oregon Public Employees Retirement System. The bonds are secured by Available General Funds, defined as revenues which are legally available to pay the bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City. Approximately forty percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining sixty percent is expected to be paid by non-General Fund bureaus of the City. (See "Self-Supporting General Fund Obligations" below.) As of April 1, 2001, approximately $111.7 million of outstanding principal remained on the portion of the bonds to be repaid with General Fund resources.

Limited Tax Revenue Bonds (Interstate MAX Project). The City has $35.7 million of outstanding limited tax revenue bonds for the Interstate MAX Project that are secured by the City's General Fund. Interest on the bonds has been capitalized through their maturity date of December 15, 2004. The City expects to refinance these bonds with the proceeds of future urban renewal and redevelopment bonds.

Self-Supporting General Fund Obligations

Urban Renewal Bonds. The City has approximately $36.8 million of outstanding urban renewal bonds that are secured by tax increment revenues, but which received General Fund support within the last five years. Historically, these bonds were paid from tax increment revenues; however, due to the approval of a tax limitation measure (Measure 5), the City did not levy its available tax increment authority between FY 1991-92 and 1994-95 in order to avoid compression. Debt service on outstanding bonds during this period was paid primarily from accumulated reserves. In FY 1995-96, debt service on the urban renewal bonds was paid from a combination of General Fund resources and a small tax increment levy. Since FY 1996-97, growth in the City's assessed valuation has been sufficient to enable the City to levy and collect an amount of tax increment revenues to fully pay the debt service on outstanding urban renewal bonds. Based on forecasts of assessed value growth and the available tax increment, the City expects to pay the debt service on its outstanding urban renewal bonds from tax increment revenue for the foreseeable future.

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately $189.2 million is expected to be fully self-supporting and paid from non-General Fund bureaus of the City.

Limited Tax Improvement Bonds. The City has $15.8 million of outstanding limited tax improvement bonds. These bonds are issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds, and the bonds are payable from all legally available revenues, taxes and other funds of the City.

Arena Limited Tax Revenue Bonds. The City has $10.7 million of Arena Limited Tax Revenue Bonds outstanding, the proceeds of which were used to finance certain public improvements relating to the Oregon Arena Project. These limited tax revenue bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.

Arena Limited Tax Bonds. The City has $9.1 million of Arena Limited Tax Bonds outstanding, the proceeds of which were used to finance certain public improvements relating to the Oregon Arena Project. These bonds are ultimately secured by the City's General Fund and by a subordinate pledge of available City parking meter revenues. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has $28.5 million of outstanding limited tax revenue bonds for the Central City Streetcar Project. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

Limited Tax Revenue Bonds (Oregon Convention Center Completion Project). The City has approximately $100 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project. Although these bonds are ultimately secured by the City's General Fund, the City expects to pay the debt service on these bonds with the VDI Net Revenues. (See "Net Revenues of the VDI and Other Revenues Applicable to the Civic Stadium Bonds.")

Other Obligations. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on six conduit housing revenue bond issues. The original par amount of these issues is $38.165 million, of which $37.71 million remains outstanding.

Revenue Bonds

Overview

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

Urban Renewal Bonds (Not General Fund Supported)

The City issued Urban Renewal and Redevelopment Bonds for four of its urban renewal districts in calendar year 2000, including Airport Way ($53 million), Oregon Convention Center ($49.4 million), South Park Blocks ($39.9 million), and Downtown Waterfront ($58.0 million). In November 1996, the City issued $46.8 million of urban renewal bonds for the South Park Blocks, Central Eastside and the Oregon Convention Center urban renewal areas. As of April 1, 2001, a total of $456,500 of these bonds remained outstanding for the Central Eastside urban renewal area. All of these obligations are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds.

Assessment Bonds

The City has sold special assessment bonds to the Oregon Department of Environmental Quality to finance certain local sewer improvement projects in Mid-Multnomah County. These bonds are currently outstanding in the amount of $3.9 million. The bonds are secured solely by the assessment payments received from benefiting property owners as well as a subordinate pledge of revenues of the City's sewer system.

Table 8
CITY OF PORTLAND, OREGON
Long-Term Debt Statement
As of April 1, 2001

Type of Debt	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
A. Tax Supported	
General Obligation Parks Bonds	$50,390,000
General Obligation Emergency Facilities Bonds	23,710,000
General Obligation Refunding Bonds	855,000
Total Tax Supported G.O. Bonds	$74,955,000
B. Self Supporting	
General Obligation Water Bonds	$36,440,867
Total Self-Supporting G.O. Bonds	$36,440,867
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non Self-Supporting	
Full Faith and Credit Obligations/Limited Tax Revenue Bonds	$104,200,000
Limited Tax Revenue Bonds (Interstate MAX)	35,700,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	111,689,046
Total Bonds Secured and Paid from the General Fund	$251,589,046
B. Self-Supporting	
Urban Renewal Bonds (1)	$36,832,208
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	189,159,300
Limited Tax Revenue Bonds (Central City Streetcar)	28,460,000
Limited Tax Revenue Bonds (Convention Center Completion)	99,998,888
Limited Tax Improvement Bonds	15,770,000
Arena Limited Tax Revenue Bonds	10,740,000
Arena Limited Tax Bonds	9,070,000
Total Self-Supporting Bonds Secured by the General Fund	$390,030,396
III. REVENUE BONDS	
Sewer Revenue Bonds	$761,935,000
Water Revenue Bonds	99,930,000
Special Assessment Bonds	3,890,000
Parking Revenue Bonds	7,950,000
Golf Revenue Bonds	3,662,000
Hydroelectric Revenue Bonds	31,125,000
Urban Renewal Bonds (Not General Fund Supported)	200,751,500
Arena Gas Tax Revenue Bonds	12,618,102
Gas Tax Revenue Bonds	11,790,000
Total Revenue Bonds	$1,133,651,602
TOTAL - ALL OUTSTANDING LONG-TERM DEBT	$1,886,666,911

Notes:

(1) In FY 1995-96, debt service on outstanding urban renewal bonds was paid substantially from General Fund revenues. In Fiscal Years 1996-97 through 1998-99, the City paid outstanding urban renewal bonds from tax increment revenues rather than the General Fund and expects to do the same for the foreseeable future.

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

The following tables set forth the outstanding direct general obligation debt of the City incurred for capital purposes, the overlapping debt among various taxing districts in the City, and the City's general obligation capital debt ratios.

Table 9
CITY OF PORTLAND, OREGON
General Obligation Capital Debt Ratios
As of April 1, 2001

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
April 1, 2000 Population	529,121			
2000-01 Real Market Value (1)	$46,245,333,000	$87,400		
2000-01 Assessed Value (2)	$33,423,918,000	$63,169	72.78%	
Gross Bonded Debt (3)	$801,407,202	$1,515	1.73%	2.40%
Net Direct Debt (4)	$74,955,000	$142	0.16%	0.22%
Net Overlapping Debt (as of 3/1/01)	$589,305,436	$1,114	1.27%	1.76%
Net Direct and Overlapping Debt	$664,260,436	$1,255	1.44%	1.99%
FY 2000-01 General Fund Debt Service as a Percent of FY 2000-01 General Fund Budget (5)	3.4%			

Notes:

(1) Real Market Value includes City of Portland values within Multnomah and Washington Counties, including urban renewal values but excluding exempt property. Real Market Value also does not include values located within Clackamas County. These values are not available and have not yet been estimated, but have historically represented less than 0.5 percent of the total.

(2) Excludes urban renewal incremental assessed value.

(3) Includes City's outstanding general obligation bonds, full faith and credit obligations, limited tax improvement bonds, limited tax revenue bonds, and urban renewal bonds.

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

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

Source: City of Portland.

Table 10
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations

	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND					
Fiscal Year Ending June 30	Full Faith and Credit Obligations/ Limited Tax Revenue Bonds (1)	Limited Tax Pension Obligation Revenue Bonds (2)	Total Bonds Paid from General Fund	Limited Tax Improve. Bonds (3)	Arena Limited Tax/ Limited Tax Revenue Bonds (4)	Limited Tax Pension Obligation Revenue Bonds (5)	Other Limited Tax Revenue Bonds (6)	Urban Renewal Bonds (7)	Total Self-Supporting Bonds/ Gen. Fund
2001	$12,010,474	$2,709,729	$14,720,203	$2,436,343	$2,292,749	$4,589,263	$3,100,351	$8,874,780	$21,293,486
2002	13,344,574	3,190,780	16,535,354	1,990,788	2,209,333	5,403,982	5,991,026	8,871,203	24,466,332
2003	12,479,024	4,295,634	16,774,658	1,832,000	2,208,668	7,275,192	6,091,426	8,876,880	26,284,166
2004	11,735,436	5,047,291	16,782,727	1,262,345	2,208,198	8,548,216	6,507,026	8,875,178	27,400,963
2005	47,441,756	5,753,534	53,195,290	788,720	2,207,853	9,744,325	7,070,376	8,877,840	28,689,114
2006	8,714,394	6,470,197	15,184,591	788,720	2,212,385	10,958,085	7,231,976	9,382,783	30,573,949
2007	8,712,649	7,424,302	16,136,951	788,720	2,206,113	12,573,980	7,440,826	8,201,093	31,210,732
2008	8,714,809	8,166,114	16,880,923	788,720	2,208,743	13,830,330	7,663,776	8,212,153	32,703,722
2009	6,086,319	8,495,385	14,581,704	3,228,720	2,210,180	14,387,992	7,877,963	3,865,613	31,570,468
2010	5,636,343	8,828,964	14,465,307	686,240	2,213,725	14,952,950	8,132,613	2,191,481	28,177,009
2011	5,630,824	9,196,248	14,827,072	686,240	2,209,538	15,574,990	8,155,676		26,626,444
2012	5,571,176	9,558,733	15,129,909	686,240	2,212,733	16,188,905	8,354,988		27,442,866
2013	5,572,293	9,943,772	15,516,065	686,240	2,208,973	16,841,016	8,680,188		28,416,417
2014	4,996,410	10,329,489	15,325,899	2,451,240	2,205,938	17,494,275	8,939,651		31,091,104
2015	4,995,670	10,750,798	15,746,468	2,194,753	1,232,643	18,207,815	9,187,838		30,823,049
2016	4,993,420	11,184,721	16,178,141	3,505,228	1,229,125	18,942,717	9,588,613		33,265,683
2017	2,579,090	11,627,944	14,207,034	333,450		19,693,370	10,280,538		30,307,358
2018	2,572,290	12,095,715	14,668,005	3,393,450		20,485,598	10,339,113		34,218,161
2019		12,583,617	12,583,617	3,964,275		21,311,921	10,660,363		35,936,559
2020		13,081,663	13,081,663			22,155,425	11,010,788		33,166,213
2021		13,604,648	13,604,648			23,041,165	11,357,913		34,399,078
2022		14,150,222	14,150,222			23,965,162	11,475,713		35,440,875
2023		14,716,231	14,716,231			24,923,769	11,986,213		36,909,982
2024		15,304,658	15,304,658			25,920,342	11,979,213		37,899,555
2025		15,917,215	15,917,215			26,957,785	9,891,213		36,848,998
2026		16,553,904	16,553,904			28,036,096	9,896,063		37,932,159
2027		17,214,723	17,214,723			29,155,277	9,891,438		39,046,715
2028		17,905,243	17,905,243			30,324,757	9,896,825		40,221,582
2029		18,619,893	18,619,893			31,535,107	9,990,688		41,525,795
2030							9,997,388		9,997,388
Total	$171,786,951	$314,721,367	$486,508,318	$32,492,432	$33,476,897	$533,019,807	$268,667,782	$76,229,004	$943,885,922

Notes:

(1) Includes Interstate Max bonds, which are expected to be refinanced with the proceeds of future urban renewal and redevelopment bonds.

(2) Reflects General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. A portion of the debt service on the bonds is expected to be paid from capitalized interest. Amounts shown reflect projected debt service on the bonds, net of capitalized interest.

(3) Actual debt service may be substantially different from schedule above due to optional and mandatory redemption provisions.

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

(5) Reflects non-General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. A portion of the debt service on the bonds is expected to be paid from capitalized interest. Amounts shown reflect projected debt service on the bonds, net of capitalized interest.

(6) Does not include 2001 Series C Bonds or 2001 Series D Bonds. Includes bonds issued to finance Central City Streetcar and the Convention Center Completion Bonds. Bonds issued for the Streetcar project are expected to be paid from parking facility and meter revenues. Convention Center Completion Bonds will be repaid from transient lodging tax and vehicle rental tax surcharges imposed by Multnomah County.

(7) Bonds are expected to be paid from tax increment revenues.

Source: City of Portland.

SHORT-TERM AND OTHER INDEBTEDNESS

Cash Flow Borrowings

The City may borrow for General Fund operating purposes through the issuance of short-term tax anticipation notes ("TANs"). State law limits the amount of TANs that a political subdivision may sell annually to no more than 80 percent of the amount of the annual tax levy, and all TANs must be retired prior to the end of the fiscal year in which they were issued. On July 18, 2000, the City issued $11,000,000 of tax anticipation notes to fund cash flow deficits in the Fire and Police Disability and Retirement Fund. These notes will be retired on June 28, 2001.

Short-Term Borrowings

The City has issued short-term notes and lines of credit for a variety of purposes including interim construction financing of local improvement districts and interim financing for urban renewal district projects, parking facilities, housing, and other capital projects. The notes are paid primarily from bond proceeds sold at completion of the construction projects. The City currently has approximately $44.5 million outstanding on these short-term obligations.

Conduit Financings

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

Concurrent Debt Issues

The City of Portland is currently underway or planning for the issuance of additional debt over the next six months. The following table identifies issues that are being sold in the same time frame as the 2001 Bonds or are presently under consideration, estimated issuance amounts and dates, and the expected type of issue. The City will also obtain lines of credit for various facilities and equipment in amounts to be determined. These plans are subject to change.

Table 11
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Finance Central Eastside Urban Renewal projects	$25 million	Spring 2001	Urban Renewal and Redevelopment Bonds
Refund outstanding GO Parks Bonds	$30 million	Spring 2001	GO Parks Refunding Bonds

Source: City of Portland.

Table 12
CITY OF PORTLAND, OREGON
Assessed Value and Real Market Value ($000s)

Assessed Value

Fiscal Year Ending June 30th	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed Value	Percent Change
1992	$18,330,344	$79,583	$928,096	$19,338,023	16.50%
1993	20,091,976	88,154	1,065,141	21,245,271	9.90%
1994	21,599,964	90,912	1,074,359	22,765,235	7.20%
1995	24,940,673	98,128	1,182,072	26,220,874	15.20%
1996	28,201,782	109,452	1,447,255	29,758,489	13.50%
1997	31,311,065	127,896	1,777,108	33,216,069	11.60%
1998 (1)	26,413,250	111,212	1,764,211	28,288,673	(14.80%)
1999	28,615,024	128,750	1,988,740	30,732,514	8.64%
2000	30,062,010	133,939	2,272,289	32,468,238	5.65%
2001	31,743,285	142,710	2,744,897	34,630,892	6.66%

Real Market Value (2)

Fiscal Year Ending June 30th	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Real Market Value	Percent Change
1998 (1)	$34,374,190	$147,783	$2,231,355	$36,753,328	10.65%
1999	36,598,114	165,782	2,522,729	39,286,625	6.89%
2000	39,618,832	174,744	3,152,154	42,945,730	9.31%
2001	41,933,779	188,959	4,201,026	46,323,764	7.87%

Notes:

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

(2) Allocation of Real Market Value to categories "Inside Multnomah County" and "Urban Renewal Incremental Value" is estimated by the City.

Sources: Multnomah County Tax Supervising and Conservation Commission; City of Portland.

Table 13
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2000-01
Levy Code 001 (1)

Taxing District	Permanent Tax Rate Per $1000 A.V.	Local Option And Other Tax Rates (2) Per $1000 A.V.	General Obligation Debt Tax Rate Per $1000 A.V.	Total Tax Rate Per $1000 A.V.
CITY OF PORTLAND	$4.5770	$2.0595	$0.2592	$6.8957
Portland Urban Renewal	0.0000	0.3769	0.0000	0.3769
Port of Portland	0.0701	0.0000	0.0036	0.0737
Metro	0.0966	0.0000	0.2435	0.3401
Multnomah County	4.3434	0.5947	0.3670	5.3051
Tri-County Metropolitan Trans. Dist.	0.0000	0.0000	0.1345	0.1345
Subtotal - General Government	$9.0871	$3.0311	$1.0078	$13.1260
Portland School District	$5.2618	$0.7500	$0.9841	$6.9959
Portland Community College	0.2828	0.0000	0.0889	0.3717
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
Subtotal - Schools	$6.0022	$0.7500	$1.0730	$7.8252
Totals	$15.0893	$3.7811	$2.0808	$20.9512

Notes:

(1) Levy Code 001 includes approximately 78 percent of the total assessed value of the City.
(2) Includes the City Fire and Police Disability and Retirement pension levy, Portland Development Commission special levy tax rate, Multnomah County local option library levy, and Portland School District local option levy for operations.

Source: Multnomah County Office of Assessment and Taxation.

Table 14
CITY OF PORTLAND, OREGON
Overlapping Debt
As of March 1, 2001

Overlapping District	FY 1999-00 Real Market Value ($000)	Percent Overlap	Overlapping Debt: Gross Bonded Debt (1)	Overlapping Debt: Net Direct Debt (2)
Portland School District 1	$36,354,626	97.0%	$263,678,820	$263,678,820
Multnomah County	52,327,851	81.7%	129,568,858	79,533,799
Metro	105,167,429	40.8%	76,299,871	76,299,871
Tri-Metropolitan Transport District	106,056,688	40.5%	60,722,403	60,722,403
David Douglas School District 40	2,613,776	99.8%	55,957,575	55,957,574
Parkrose School District 3	3,023,376	98.3%	27,878,731	27,878,731
Centennial School District 28J	1,803,229	53.6%	20,786,089	20,786,089
Portland Community College	81,210,899	43.6%	19,339,394	19,339,394
Reynolds School District 7	3,941,825	23.4%	16,638,458	16,638,458
Port of Portland	115,941,280	37.0%	5,329,837	5,329,837
Beaverton School District 48J	16,650,331	0.3%	793,213	662,573
North Clackamas County School District 12	7,751,791	0.6%	659,351	659,351
Mt. Hood Community College	18,409,847	40.7%	542,772	542,772
Riverdale School District 51J	424,378	3.3%	354,273	354,273
Scappoose School District 1J	1,002,473	8.6%	315,158	315,158
Washington County	35,483,600	0.3%	203,337	199,844
Clackamas Community College	20,473,442	0.2%	121,745	121,745
Tigard-Tualatin School District 23J	6,456,545	0.1%	72,799	72,799
Tualatin Valley Water Dist. (Wolf Creek Bond)	10,804,969	0.3%	20,393	20,393
Tualatin Valley Water (Metzger Bond)	2,110,035	0.4%	7,679	7,679
Lake Oswego School District 7J	4,876,295	0.0%	3,559	3,559
Tualatin Hills Park & Rec. District	14,425,263	0.0%	2,444	2,444
Clackamas County	28,129,832	0.3%	1,188	1,188
Clackamas River Water District	4,209,412	0.0%	5	0
Totals			$679,297,952	$629,128,754

Notes:

(1) Gross Bonded Debt includes all bonds backed by a general obligation pledge, including Bancroft general obligation improvement bonds and other self-supporting bonds.

(2) Net Direct Debt includes all tax-supported bonds. Bancroft general obligation improvement bonds and other self-supporting bonds are excluded.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

(End of Annual Disclosure Information)

PROPERTY TAX AND VALUATION INFORMATION

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

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

SECTION 11

Section 11 of the Oregon Constitution granted all local governments which levied property taxes for operations in FY 1997-1998 a permanent tax rate which 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 $4.5819/$1,000 of Assessed Value.

Section 11 provides that property which 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.

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

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 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 below).

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

- Some urban renewal districts which were in existence when Measure 50 was adopted to impose taxes throughout the boundaries of their creating city or county. The City has five urban renewal districts 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. For FY 2000-01, the City levied $2.06/$1,000 of Assessed Value for its Fire and Police Disability and Retirement Fund. This tax rate is equivalent to a rate of approximately $1.50/$1,000 of Real Market Value.

- Local governments to impose taxes to pay general obligation bonds (see below).

SECTION 11 AND URBAN RENEWAL REVENUES

Section 11 reduces property valuations from Real Market Value to Assessed Value and lowers local government tax rates for operations. However, Subsection 16 of Section 11 also requires the Legislature to allow the City or the Commission to collect ad valorem property taxes sufficient to pay, when due, indebtedness incurred to carry out the urban renewal plans in existence on December 5, 1996.

Legislation implementing Subsection 16 of Section 11 authorized the Special Levies and created the concept of "Maximum Tax Increment Revenues" for each existing urban renewal area.

That legislation also allowed the City to choose from among different collection options for each existing urban renewal area. The collection option does not affect the amount that can be collected for an urban renewal area, but does affect the proportion of total collections that come from Divide the Taxes Revenues and the proportion of collections from Special Levies. "Option One" required collection of the maximum Divide the Taxes Revenues, and "Option Two" required that all tax increment collections be through Special Levies. "Option Three" limited the Divide the Taxes Revenues and permitted the difference between the maximum tax increment revenues and the Divide the Taxes Revenues to be collected through the imposition of Special Levies. The City selected Option Three for all of its existing urban renewal areas except the Central Eastside Urban Renewal Area, for which it selected Option One. Current law does not permit the City to change a collection option.

SECTION 11B

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

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

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

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

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

SECTION 11B AND URBAN RENEWAL REVENUES

In FY 2000-01, the City experienced some compression because of Section 11b. Because compression under Section 11b is based on Real Market Values, and Real Market Values are growing at a greater rate than Assessed Values, the City may be able to impose higher taxes in the future without increasing compression under Section 11b.

However, the City does not currently impose all taxes it is authorized to impose. Special Levies for urban renewal areas and the City's fire and police disability and retirement system levy are all currently imposed at levels substantially below their legal limits.

Increases in Special Levies could increase compression under Section 11b of the City's permanent rate levies, the City's fire and police disability and retirement system levies, and Special Levies for other urban renewal districts.

LOCAL OPTION TAXES

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 ten years for capital purposes, and a maximum of five years for operating purposes. Legislation was passed in the 1999 Session that allows school districts to use local option levies beginning October 23, 1999.

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 urban renewal and the City's pension levy.

Currently the City has no local option levies. Multnomah County does have a local option levy for libraries.

VOTER PARTICIPATION

New local option levies, taxes to pay general obligation bonds (other than refunding bonds), and permanent rate limits for governments that have not previously levied operating taxes must be approved at an election that meets the voter participation requirements established by Section 11. Section 11 requires those taxes to be approved by a majority of the voters voting on the question either: (i) at a general election in an even numbered year, or (ii) at any other election in which not less than fifty percent (50 percent) of the registered voters eligible to vote on the question cast a ballot.

In many localities in Oregon, including the City, it is unusual for more than fifty percent of registered voters to cast ballots at an election other than a general election in an even numbered year.

Oregon law does not require voter approval to obtain the Divide the Taxes Revenues or to impose the Special Levies.

GENERAL OBLIGATION BONDS

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

1) general obligation bonds authorized by a provision of the Oregon Constitution (this applies to State of Oregon general obligation bonds);
2) general obligation bonds issued on or before November 6, 1990;
3) general obligation bonds which were approved by a majority of voters after November 6, 1990 and before December 5, 1996, which are issued to finance capital construction or capital improvements;
4) general obligation bonds which were approved after December 5, 1996, which are issued to finance capital construction or capital improvements, and which met the voter participation requirements described above; and
5) obligations issued to refund the general obligation bonds described in the preceding four subparagraphs.

COLLECTION

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

Tax collections are now segregated into two pools, one for public schools and one for local governments, and each taxing body shares in its pool on the basis of its tax rate (adjusted as needed with tax limitation rate caps), regardless of the actual collection experience within each taxing body. Therefore, in application, the amount for each taxing body becomes a pro rata share of the total tax collection record of all taxing bodies within the County. Thus, an overall collection rate of 90 percent of the county-wide levy indicates 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. (Due to the implementation of Measure 50, the first installment of property taxes for the tax year 1997-98 was due on December 19th. 1997) 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. For late payments 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 6 percent.

The following table presents property tax collections for the last ten years.

Table 15
CITY OF PORTLAND, OREGON
Tax Collection Record
for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Percent Change	Collected Yr. of Levy	Collected As of 03/07/01
1991-92	141,841	-12.8%	91.56%	99.98%
1992-93	134,217	-5.4%	93.24%	99.99%
1993-94	143,477	6.9%	95.33%	99.96%
1994-95	162,260	13.1%	96.37%	99.98%
1995-96	182,497	12.5%	94.76%	99.96%
1996-97	208,823	14.4%	96.75%	99.95%
1997-98	213,328	2.2%	95.87%	99.47%
1998-99	228,449	7.1%	96.87%	98.73%
1999-00	237,730	4.1%	96.56%	97.57%
2000-01	257,252	8.2%	87.99% (3)	87.99% (3)

Notes:

(1) Tax collection information is for Multnomah County, which represents approximately 99% 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 levy.
(3) Partial year collections.

Sources: City of Portland and Multnomah County Office of Assessment and Taxation.

MAJOR TAXPAYERS

The following table lists the ten largest taxpayer accounts within the City of Portland.

Table 16
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts
2000-01 Assessed Value

Taxpayer Account	Type of Business	Property Assessed Value	% of Total City Assessed Value
Total City Assessed Value (1)		$31,885,995,000	
US West Communications	Communications	420,747,886	1.32%
Pacificorp (PP&L)	Energy	223,046,400	0.70%
United Airlines	Airline	201,256,575	0.63%
Alaska Airlines	Airline	194,913,326	0.61%
Delta Airlines	Airline	153,957,000	0.48%
Fred Meyer, Inc.	Retail	146,382,000	0.46%
One Eleven Tower LLC	Real estate	125,169,719	0.39%
Freightliner Corporation	Manufacturing	116,260,920	0.36%
Glimcher Lloyd Venture LLC	Real estate	114,533,962	0.36%
Wacker Siltronic Corp	Silicon wafer manufacturing	109,297,720	0.34%
		$1,805,565,508	5.66%

Notes:

(1) Excludes urban renewal value.

Source: Multnomah County Department of Assessment and Taxation; City of Portland financial statements.

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated April 1, 2000 population of 529,121 (based on 2000 Census Redistricting Data), 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 an immediate metropolitan area with a population of approximately 1.5 million. The City is the county seat of Multnomah County. It is the largest city in Oregon and the second largest city in the Pacific Northwest.

The Portland Standard Metropolitan Statistical Area consisted of Multnomah, Clackamas and Washington counties in Oregon, and Clark County in Washington until the 1980 Census, when Clark County was eliminated from the area and Yamhill County was added, making it the Portland Primary Metropolitan Statistical Area ("PMSA"). In 1994, the PMSA became the Portland-Vancouver PMSA and now includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark County in Washington. Metropolitan statistical areas are based on commuting patterns within a metropolitan area, and are used primarily for labor, employment and unemployment statistics.

POPULATION

The population for the City peaked in the 1970s, declined slightly early in the next decade, and increased each year since 1984.

Metro, the Portland area regional governmental agency, published the 2017 Regional Forecast and TAZ (Traffic Analysis Zones) Allocation report which forecasts population in the region to the year 2017. According to the 1999 report, Portland is projected to have a population of 589,000 and Multnomah County a population of 764,100 in the year 2017.

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

Year	City of Portland	Percent Change	Multnomah County	Percent Change	Portland Metro Area (1)	Percent Change
1991	453,065	3.0%	600,000	2.8%	1,285,100	3.5%
1992	458,275	1.1%	605,000	0.8%	1,308,700	1.8%
1993	471,325	2.8%	615,000	1.7%	1,338,900	2.3%
1994	495,090	5.0%	620,000	0.8%	1,357,800	1.4%
1995	497,600	0.5%	626,500	1.0%	1,379,700	1.6%
1996	503,000	1.1%	636,000	1.5%	1,403,200	1.7%
1997	508,500	1.1%	639,000	0.5%	1,420,900	1.3%
1998	509,610	0.2%	641,900	0.5%	1,445,000	1.7%
1999	512,395	0.5%	646,850	0.8%	1,461,550	1.1%
2000 (2)	529,121	3.3%	660,486	2.1%	1,529,121	4.6%

Notes:

(1) Includes Multnomah, Clackamas, Washington and Yamhill counties.
(2) Based on population count from Census 2000 Redistricting Data. All other estimates provided by Portland State University Center for Population Research.

Source: Portland State University Center for Population Research; US Bureau of the Census.

Table 18
CITY OF PORTLAND, OREGON
Selected Economic Indicators for the City from the 1990 Census (1)

Population	
1990 census (1)	437,316
Housing	
Owner occupied units	47.56%
Median value of owner occupied	$59,200
Housing units built 1980 & after	6.59%
Education	
High school graduate or higher	82.9%
Bachelor's degree or higher	25.9%
Employment	
Employed	93.83%
Unemployed (% of local labor force)	6.17%
Executive, administrative, management, & professional	29.23%
Income	
Median household income	$25,592
Per capita income (2)	$17,120
Households with income $50,000 or over	17.42%
Persons below the poverty level	14.50%

Notes:

(1) Not all of the above Selected Economic Indicators from the 2000 Census were available in time to be included in this document. Population estimate from the 2000 Census Redistricting Data is 529,121.
(2) Data differs from data in the Table 19 because the Bureau of Census calculates these figures differently from the Bureau of Economic Analysis.

Source: U.S. Bureau of Census.

INCOME

The following table shows personal income and per capita income for the Portland PMSA, compared to similar data for the State of Oregon and the United States. The compounded annual rate of change in total personal income for the Portland PMSA (1990-1998) was 7.84 percent and 7.09 percent for the State of Oregon. The compound annual rate of change in per capita income for the Portland PMSA was 5.52 percent in per capita income from 1990 to 1998, compared with 5.26 percent for the State of Oregon and 4.84 percent for the nation as a whole over the same time period.

Table 19
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
Portland PMSA, Oregon, and the United States
1990 to 1998

	Personal Income (Millions)			Per Capita Income		
Year	Portland-Vancouver PMSA (1)	State of Oregon	U.S. Total	Portland-Vancouver PMSA (1)	State of Oregon	U.S. Total
1990	$29,292	$49,161	$4,655,420	$19,188	$17,199	$18,635
1991	31,118	51,874	4,841,078	19,809	17,768	19,201
1992	33,522	55,762	5,260,922	20,867	18,727	20,631
1993	36,081	59,640	5,507,622	21,897	19,619	21,365
1994	38,758	63,667	5,774,806	23,046	20,575	22,180
1995	41,933	67,908	6,059,091	24,489	21,618	23,059
1996	45,559	73,156	6,408,103	25,970	22,894	24,164
1997	49,019	77,519	6,770,650	27,388	23,920	25,288
1998	53,563	85,043	7,351,547	29,500	25,912	27,203

Notes:

(1) Data for the PMSA includes Multnomah, Clackamas, Washington, Yamhill and Columbia counties in Oregon and Clark County in Washington.

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

LABOR FORCE AND UNEMPLOYMENT

The following table shows the average annual civilian labor force, employment level and unemployment level for the Portland PMSA. The unemployment rate for the Portland PMSA has been lower than the State of Oregon unemployment rate since 1982, and has been below the U.S. rate for nine of the last ten years.

Table 20
CITY OF PORTLAND, OREGON
Portland-Vancouver PMSA Labor Force and Unemployment Rates
(000s) (1) (2) (3)

Portland PMSA	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Civilian Labor Force	854.3	874.5	907.1	940.0	956.5	1,000.9	1024.8	1,046.9	1,048.7	1,069.1
Employment	812.4	818.4	852.8	899.5	921.0	955.6	980.8	1,002.1	1,001.4	1,027.8
Unemployment	41.9	56.1	54.3	40.5	35.5	45.3	44.0	44.8	47.3	41.3
Unemployment Rates										
Portland PMSA	4.9%	6.4%	6.0%	4.3%	3.7%	4.5%	4.3%	4.3%	4.5%	3.9%
State of Oregon	6.0%	7.5%	7.3%	5.5%	4.8%	5.9%	5.8%	5.6%	5.7%	4.8%
United States	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%

Notes:

(1) Between 1984 and 1992, the PMSA included Yamhill County and excluded Clark County. Beginning in 1993, the Portland-Vancouver PMSA includes Multnomah, Clackamas, Washington, Yamhill and Columbia counties in Oregon, and Clark County in Washington.
(2) Civilian labor force includes employed and unemployed persons sixteen years and older, by place of residence. Data has been adjusted for multiple job holding and commuting.
(3) Civilian labor force employment includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers and labor disputants.

Source: State of Oregon Employment Department.

EMPLOYMENT BY INDUSTRY

The Portland metropolitan area has demonstrated considerable economic diversity. The City is the service center for a large and diverse manufacturing area that has shown substantial growth since the 1980's. Because of the area's reliance on the City for related economic service activities, the manufacturing base of the surrounding area has a meaningful impact on the City's economy.

The State of Oregon's economy is largely based on farming and high-tech manufacturing with high-tech manufacturing accounting for more than half of the state's total exports. The lumber and wood products industry accounts for about 20.2 percent of the State's manufacturing employment and 3.1 percent of total non-agricultural employment. On the other hand, the metropolitan area's focus on manufacturing employment is largely based in the metals, instruments, machinery and electrical equipment sectors. The lumber and wood products industry accounts for only 5.7 percent of the Portland metropolitan area's manufacturing employment and 0.9 percent of total non-agricultural employment.

Service industries account for 28.4 percent of the total non-manufacturing employment in the metropolitan area, followed by wholesale and retail trade industries, which account for 24.8 percent.

Table 21
CITY OF PORTLAND, OREGON
Portland-Vancouver PMSA Non-Agricultural Wage and Salary Employment
(000)

Industry	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 % of Total
Non-Ag. Employment*	**727.0**	**741.1**	**766.7**	**802.1**	**839.6**	**879.0**	**916.7**	**932.9**	**944.6**	**964.1**	**100.0%**
Manufacturing	**122.2**	**121.1**	**124.1**	**129.9**	**137.2**	**142.0**	**147.3**	**149.2**	**146.1**	**147.2**	**15.3%**
Durable goods	84.6	82.8	84.9	89.4	95.8	100.9	106.6	109.0	106.7	108.7	11.3%
Lumber & wood prod.	9.2	8.6	8.7	8.7	8.7	8.7	8.9	8.7	8.4	8.4	0.9%
High Tech Mfg.	30.7	30.5	31.7	34.0	37.7	42.3	45.9	47.1	45.2	47.7	4.9
Other durable goods	44.7	43.7	44.5	46.7	49.4	49.9	51.8	53.2	53.1	52.6	5.5%
Nondurable goods	37.6	38.2	39.2	40.5	41.3	41.1	40.7	40.2	39.4	38.5	4.0%
Food products	9.9	9.8	9.8	9.9	10.2	10.3	9.9	9.7	9.5	9.0	0.9%
Other non-dur. goods	27.7	28.4	29.4	30.6	31.1	30.8	30.8	30.5	29.9	29.5	3.1%
Nonmanufacturing	**604.8**	**620.0**	**642.6**	**672.2**	**702.4**	**737.0**	**769.4**	**783.7**	**798.5**	**817.0**	**84.7%**
Construction and mining	35.5	34.1	35.6	40.5	45.4	52.1	55.1	54.4	54.1	54.6	5.7%
Trans., comm. & util.	43.6	44.0	44.3	45.6	48.4	50.8	52.4	53.9	55.3	56.2	5.8%
Trade	185.7	188.1	193.2	203.6	210.8	218.3	227.7	231.3	233.5	237.9	24.7%
Finance, ins. & real est.	54.1	55.9	59.3	61.5	60.2	63.6	66.7	67.1	66.1	64.9	6.7%
Services	183.6	191.9	203.3	213.0	227.5	238.6	252.5	259.3	267.3	278.0	28.8%
Government	102.3	106.0	106.9	108.1	110.1	113.6	114.8	117.8	122.2	125.5	13.0%

*Totals may not sum due to rounding.

Source: State of Oregon, Employment Department.

Table 22
CITY OF PORTLAND, OREGON
Major Employers in the Portland Metropolitan Area

Employer	Product or Service	2000 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	11,000
Freightliner LLC	Heavy duty trucks	5,100
Tektronix Inc.	Electronic instruments	4,200
Fort James Corporation	Pulp & paper, packaging	3,452
NIKE Inc.	Sports shoes and apparel	2,850
Precision Castparts Corporation	Steel castings	2,500
Hewlett-Packard Co.	Computer printers	1,800
Lucent Technologies	Telecommunications equipment	1,800
SEH America Inc.	Silicon wafers	1,700
The Boeing Co.	Aircraft frame structures	1,518
Wacker Siltronic Corporation	Silicon semiconductor materials	1,500
IBM	Supermini computer systems	1,500
Maxim Integrated Products, Inc.	Integrated circuits	1,500
Gunderson Inc.	Railroad freight cars	1,200
Xerox Office Printing Business	Laser printers	1,200
Oregonian Publishing Co.	Newspaper & commercial printing	1,170
Non-Manufacturing Employers		
Fred Meyer, Inc. (Krogers, Inc.)	Grocery & retail variety chain	13,600
Providence Health System	Health care & health insurance	8,938
Legacy Health System	Nonprofit health care	6,731
Kaiser Foundation Health Plan of the NW	Healthcare	6,725
Safeway Inc.	Grocery chain	6,000
U.S. Bank	Bank & holding company	4,300
Meier & Frank Co.	Department stores	3,500
United Parcel Service	Small package transport	3,100
McDonald's Corporation	Fast food franchise	3,000
Qwest	Communications utility	2,800
Southwest Washington Medical Center.	Health care	2,800
Portland General Electric	Electric utility	2,787
Wells Fargo	Bank	2,588
Albertsons Food Centers	Retail grocery chain	2,500
Volt Services Group	Temporary Service	2,500
Regence BlueCross & BlueShield of Oregon	Medical insurance	2,105
Shari's Management Corp.	Restaurant chain	2,000
Hilton Portland	Lodging, food, beverages	1,850
Horizon Air	Airline	1,800
Portland Trail Blazers/Oregon Arena Corporation	National basketball association team, operator of Rose Quarter	1,750
Nordstrom Inc.	Retail specialty stores	1,700
Rite Aid Corp.	Retail drug stores	1,600
Bank of America, Oregon & SW Washington	Full commercial banking services	1,594
The Standard	Insurance	1,526
The Holland Inc.	Burgerville USA, Holland restaurants	1,500
Target Stores	Retail chain	1,400
Farmers Insurance Company of Oregon	Insurance	1,400
Westwind Group dba Burger King	Restaurants	1,300

Table 22 (continued)
CITY OF PORTLAND, OREGON
Major Employers in the Portland Metropolitan Area

Employer	Product or Service	2000 Estimated Employment
Non-Manufacturing Employers (continued)		
Home Depot	Home improvement	1,300
E C Company	Electrical & mechanical construction	1,300
First Consumers National Bank	Credit card bank offering private label	1,300
Delta Air Lines, Inc.	Airline	1,250
NW Natural	Natural gas transportation and distribution	1,200
Adventist Medical Center	Hospital services	1,200
Pacific Coast Restaurants Inc.	Restaurants	1,200
Thomason Auto Group	Auto and truck dealer	1,200
Goodwill Industries	Rehabilitation services	1,200
Sears, Roebuck & Co.	Retail department store	1,153
PacifiCorp	Electricity, mining & telecommunications	1,058
Costco Inc.	Wholesale membership warehouse	1,000
Tuality Healthcare	Health care	1,000
McMenamins Pubs & Breweries	Microbrewery, pubs, restaurants, hotels, theaters	1,000
Renaissance Holdings/Renaissance Bankcard	Credit card products	1,000
Nature's Northwest	Retailer of natural foods, vitamins	1,000
Public Employers		
U.S. Government	Government	18,700
Oregon Health Sciences University	Health care & education	9,300
State of Oregon	Government	6,684 (1)
Portland School District	Education	6,318 (1)
City of Portland	Government	5,155
Multnomah County	Government	4,385
Portland State University	Education	3,800 (1)
Portland Community College	Education	3,800 (1)
Beaverton School District	Education	3,439
State of Washington	Government	3,261 (1)
Vancouver School District	Education	2,800
Hillsboro School District	Education	2,700
Tri Met	Transportation	2,571
Bonneville Power Administration	Power generation & transmission utility	2,500
Evergreen School District	Education	2,000
Washington County	Government	1,426

Notes:

(1) Totals may include part-time and temporary employees.

Source: Portland Chamber of Commerce, the *Business Journal* and Regional Financial Advisors, Inc.

ECONOMIC DEVELOPMENT

The Portland metropolitan area is divided into three main counties. 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. As a major transportation hub of the Pacific Coast with water, land and air connections, Multnomah and Washington counties serve expanding international markets and have experienced considerable growth.

As of the third-quarter 2000, 2.3 million square feet of new office space was delivered to the market, 10% more than the amount delivered in all of calendar year 1999. The median selling price of a home in metropolitan Portland in July 2000 was $169,000 according to the Realtors Metropolitan Area Multiple Listing Service.

There are approximately 280 industrial and business parks located in the Portland metropolitan area. Major locations of industrial and business parks in the City are the Columbia Corridor along the Columbia River from Hayden Island on the west past the Portland International Airport ("PDX") to the east and along the Willamette River in northwest and north Portland areas. The I-5 Corridor, which extends from S.W. Portland to the City of Wilsonville along I-5, includes some of the area's most rapidly-growing distribution and warehouse operations.

The Portland metropolitan area is home to more than 50,000 businesses. Of those, about 2,400 are classified as headquarter firms. Four companies included on Fortune magazine's list of the 500 largest corporations in the United States have world headquarters in the Portland metropolitan area: Fred Meyer Inc. (recently purchased by Kroger Inc.), Intel Corporation, NIKE Inc., PacifiCorp and Willamette Industries.

Current activities showing retail, commercial and industrial change in the Portland metropolitan area are reflected in the following building and economic development projects.

Office and Commercial within Downtown Portland

Among the largest developments in downtown Portland are two new class A office buildings and an addition to the Downtown Retail Core. TMT Development Company began construction in the spring of 1997 on the $90 million 27-story Fox Tower that has lower level retail space, eight levels of parking, a 10-screen theatre and 438,000 square feet of office space. The building opened in November 2000 and as of January 1, 2001 was 96 percent leased. The ODS Tower, a $45 million, 395,000 square-foot office building was close to 90% leased in the fall of 1999, only two months after its opening.

Schnitzer Northwest has plans to build a commercial office tower on the Beim and James block it bought two years ago. The block, located between Southwest First and Second Avenues, is considered a prime downtown parcel because of its location.

Louis Dreyfus Property Group has plans to build a 15-story, Class A office tower directly east of the KOIN Tower. Dreyfus expects to complete construction of the "100 Columbia" building by late 2002.

The $63 million expansion at Pioneer Place, which was completed and became operational in March 2000, includes a seven-plex theater at Southwest Fourth as well as new retail space. The 155,000-square-foot expansion provides space for cinemas, a restaurant and 25 retailers.

Impac Hotel Development opened a 20-story, 252-room Marriott Hotel in 1999, adjacent to a recently completed 70,000-square-foot parking and retail project. Westin Hotels and Resorts has completed development of a $25-30 million, 200-room boutique hotel. West Coast Hotels completed development of the 162-room, $14 million Paramount Hotel in 2000. ITT Sheraton recently converted a 13-story building in downtown Portland to a 16-story Sheraton Hotel. The hotel has 176,375 square feet, including 266 guestrooms and 5,800 square feet of meeting space. A Comfort Suites Hotel with 50 guest rooms was recently built in the City near interstate highway I-5 and Pacific Highway. The hotel opened in the fall of 2000. The Hilton Hotel expects to add 321 rooms, meeting space and a fitness center at a location adjacent to the current hotel with an expected completion date of June 2002.

Recent developments on the riverfront area include Pacific Gas Transmission Company's eight-story, $21 million office building and parking structure in River Place. River Place is a mixed-use development on 73 acres along the west bank of the Willamette River, with apartments, restaurants, shops and office space. A $15 million project with 182 apartments and townhouses was recently completed on 2.7 acres south of River Place. Proposed along Southwest Macadam Avenue is the $14 million Avalon Hotel with 116 rooms and an 80-slip marina as well as the extension of Waterfront Park and a large swath of industrial land just north of the Marquam Bridge to North Macadam (a 130-acre district). The North Macadam District, which is being considered for designation as an urban renewal district by the City, is the last large piece of undeveloped land close to the downtown area. Proposed development plans call for as many as 3,000 homes and 10,000 jobs with a greenway, housing, office, retail and hotel development to be located in the district.

The Pearl, Old Town and River Districts

The River District, a 100-acre site squared by Naito Parkway and Freeway 405, the Willamette River and Glisan, was formerly used for railroad and industrial operations. In 1994, the City Council adopted the River District Housing Implementation

Strategy, which calls for more than 5,000 new housing units in the target area with average densities of more than 100 units per acre. Financing for the River District Development program comes from a variety of sources including federal, state and local transportation funds, various housing assistance sources and tax increment proceeds for the Downtown Waterfront Urban Renewal District and the newly-created River District Urban Renewal District.

The Lovejoy Extension Ramp has been demolished at a cost of $919,000 to make way for a large series of mixed-use and residential projects. A walkway is being built to connect Old Town with the River District. Track is currently being laid for a new streetcar system that will link Portland's Downtown, Pearl District and Northwest area. The Central City Street Car project will be paid for through a combination of local, federal monies, and bonds secured by City parking revenues. Scheduled to begin operation in July 2001, the streetcars will follow a 4.2-mile loop. There will be no fee to ride the streetcar in Portland's "Fareless Square" district.

In the Pearl District, Gerding/Edlen Development purchased the former Blitz Weinhard Brewery, a five-block complex adjoining Burnside Street for $20 million. The firm expects to redevelop the property into a mixed-use retail, commercial and housing complex. The brewery property is near a building being redeveloped for Wieden & Kennedy in the Pearl District as its international headquarters. Gerding/Edlen Development headed up the $20 million renovation of the Historic Cold Storage Building for Wieden & Kennedy. Wieden & Kennedy is an advertising agency that works for Nike, Diet Coke, Alta Vista, Homegrocer.com and others. Gerding/Edlen Development also purchased the seven-story Meier & Frank storage building located nearby.

Hoyt Street Properties is continuing their development of several blocks in the Pearl District. Among them is the Riverstone Building, a $31 million project of two six-story, mixed-use buildings with 10,000 square feet of retail space, 123 condominium units, and 134 parking spaces completed in the fall of 1998. When completed, the Hoyt Street parcels will have a total of 2,000 to 3,000 new condominiums on 34 acres in the District. A project which recently broke ground is a new 12-story retail and residential loft project, the Gregory, which is expected to be completed in the spring of 2001 with over 125 residential units, 3 floors of parking and 20,000 square feet of retail space.

The Port of Portland has several large projects under development. In Old Town is a new administrative office building on N.W. Second Avenue at the base of the Steel Bridge.

Groundbreaking occurred on June 7, 1999 for the Classical Chinese Garden located at Northwest Third Avenue and Everett in the City's Old Town. The project, in planning for many years, opened in September 2000 and is only the second such garden in North America. The walled garden occupies one entire city block adjacent to Portland's Chinatown and is within walking distance of the riverfront, the Oregon Convention Center and the Rose Garden.

Phase II of the Yards at Union Station opened in the spring of 2000. Phase II, a $37 million project, features 321 new market rate and affordable housing units in three separate buildings. The Yards at Union Station is a four-phase project eventually bringing approximately 650 new units of housing to the River District. It is the largest single housing project constructed in the City since the 1960's. Phase I of The Yards at Union Station (158 units of affordable housing owned by the Housing Authority of Portland) opened in 1998 and has a 90 percent occupancy. Construction on Phase III should begin in spring 2002.

The Portland Development Commission recently purchased the rustic Centennial Mill. The waterfront property, purchased for $8 million, will be used for waterfront park space.

North and Northwest Portland

Columbia Sportswear announced in March 2001 that it is planning to add on to its distribution center in North Portland's Rivergate Industrial District, the center's third expansion is seven years. The company plans to complete the addition of 203,000 square feet of space in 2002.

The Port of Portland constructed a $50 million mineral bulk facility on a 60- to 65-acre site at the Port of Portland's Terminal 5. When it became operational in the spring of 1997, the facility began exporting potash fertilizer to overseas markets. The Port plans to invest $25 million on improvements to Terminal 6 over the next few years, which will be the first phase of a long-term $60 million expansion plan. The Port of Portland, in collaboration with the City, began work in the spring of 1998 on a $1.58 million roadway construction project to improve the south entrance to Rivergate Industrial Park.

A new urban renewal area has been created along the Interstate Corridor, to provide local funding for the proposed light rail line along Interstate Avenue, and to serve broader revitalization efforts in the area. The Portland Expo Center, Oregon's largest

consumer show facility, is constructing a new exhibition building. The 112,000-square-foot exhibition building will feature 72,000 square feet column free exhibit space and is estimated to cost $13.5 million. Construction is scheduled to be completed in early 2001.

Southwest Portland

Hoffman Construction has constructed a new Planning and Permit Center for the City at 1900 S.W. Fourth Avenue adjoining a two-level Portland State University building. The $28.7 million project accommodates five city bureaus including, planning, buildings, licenses, housing and community development under one roof. The Portland City Hall recently completed a $28 million renovation. The Multnomah County Library is currently renovating 13 of its branches throughout the county. The renovation plan is expected to cost approximately $24.1 million when completed, will build three new buildings, open two new branches and renovate ten existing branches. All branches will also receive improvements to the telecommunications systems in addition to the 16,000 square feet of space to be added to the county system.

In Goose Hollow, adjoining the downtown area to the west, Baugh Construction completed construction on a 45,000-square-foot addition and renovation of the Multnomah Athletic Club on S.W. Salmon Street in September 1999.

Two blocks straddling Southwest Jefferson Street between 10th and 11th Avenues are being considered for future development. The Portland Development Commission is actively recruiting a development team for the Jefferson block to construct maximum high-density, market-rate condominiums and retail space. Across Jefferson on the Safeway/YWCA block, a superblock is being considered which would consist of two standard city blocks and accommodate a Safeway doubled in size, an expanded YWCA, and add four additional levels of low income housing above the YWCA creating a nine-story building.

The City Council approved a project headed by Portland Family Entertainment ("PFE") to renovate Civic Stadium and to secure a Triple-A baseball team and an A League soccer team. Under the twenty-year agreement, PFE would operate the stadium and the City would contribute approximately 90 percent of the approximately $40 million renovation cost.

The Department of Veterans Affairs Medical Center recently completed a new $32 million, 96,000 square-foot expansion of its Portland facility. The new building is now the largest cancer research facility in the Portland metropolitan area. Oregon Health Sciences University moved into their newly constructed neurological sciences center in December 2000. Construction will continue throughout 2001 to complete the facility's labs.

Eastside Development

Construction of the Eastbank riverfront esplanade, a one-mile pedestrian/cycling trail that will extend along the east side of downtown Portland's Willamette River, is currently underway. The esplanade is part of the Eastbank Riverfront Park project that extends from Hawthorne Street to the Steel Bridge. The completed project is expected to open in Spring 2001. A portion of the project, a 1,000-foot floating walkway that sits atop the Willamette River between the Burnside and Steel bridges and a recreational boat dock, are already finished.

The City announced an approximate $100 million plan to expand the Oregon Convention Center. Funding of the new Convention Center space would come from the Portland Development Commission, the Metropolitan Exposition-Recreation Commission, and a bond package backed by the City. Revenues to retire the bonds would be generated through 2.5 percent increases in lodging and car-rental taxes in Multnomah County. Once the approval process is complete, construction could begin in 2001 and the expanded building completed by the beginning of 2003.

The City has approved a master plan for a retail and commercial park along the Willamette River on the eastside across from downtown. The project will be phased and will redevelop 27 blocks along the riverbank. A developer is developing three office buildings with a total of 300,000 square feet of space and 1,050 parking spaces on PGE-owned land south of the Oregon Museum of Science and Industry ("OMSI") in the central eastside industrial area. The first phase, a 45,000 -square-foot headquarters building for KPTV has been completed.

Multnomah County purchased the former U.S. Bank building located at 501 S.E. Hawthorne for $25 million to house the County's administrative offices. The building was renamed the Multnomah Building. The County planned to invest $8.8 million in renovation of the facility, to make tenant improvements and to pay for moving costs. The move, designed to consolidate County staff and elected officials working in 7 locations throughout the County, began in October 2000.

The $25 million renovation and expansion of the Holiday Inn, near the Oregon Convention Center is now complete. A new Marriott Courtyard has been built several blocks to the north.

Opus Northwest LLC is developing a new industrial park at the former Foster/I-205 drive-in theater. Opus completed construction on the first phase at the end of 1998. The 259,000-square-foot, $13.2 million project features office, light manufacturing and high-cube distribution space in two buildings. The park is expected to be the future home of employers with 260 to 350 workers.

Irvington Place, a six-story, mixed-used building located on N.E. Broadway, was completed during the summer of 1998. The $7 million building features condominiums, retail space, and parking. Safeway Inc. recently completed a complete rebuild of its store directly across the street.

Twin 16-story towers are planned for development south of Holladay Park. The East Tower will have 230,000 square feet of office space and the West Tower will include a seven-story parking structure with 600 parking spaces and 152 housing units above. The project also includes 10,000 square feet of retail space at street level and a public plaza connecting the two buildings. Construction has begun on a 30-story, 179-unit condominium building called Cascadia Tower on N.E. Grand Avenue. Cascadia Tower will also include 10,000 square feet of retail space on Holladay Street. Total project costs are estimated at $85 million.

Center Commons, a transit oriented mixed-income community located at NE 60th and Glisan, opened in September 2000. The development consists of 288 apartments in three distinct buildings and 26 townhouses. The different buildings will provide affordable family units, affordable housing for seniors and market rate apartments. The project was initially estimated at about $30 million.

SM Andersen Co. completed a 194,000-square-foot warehouse, the final phase of Anchor Park on Swan Island, in summer 1998. The structure, along with another 118,000-square-foot warehouse and a 40,000-square-foot office-flex building is owned and operated by Rosan Inc.

Adidas America Inc. announced in December 1998 that it will move its more than 500 employees from Beaverton to the former Bess Kaiser Medical Center in North Portland. The athletic footwear and apparel maker has agreed to lease the entire 215,000-square-foot building and will soon launch a $25 million renovation of the facility at 5055 N. Greeley Ave. The company began demolition of the structure's interior in 1999 and expects to move in by September 2001. Adidas America, a subsidiary of German-based Adidas Salomon AG, is negotiating with Portland for an "enterprise zone" tax break.

Enterprise Community - U.S. Department of Housing and Urban Development has designated 15 census tracts in inner north and northeast Portland, the Columbia Corridor and commercial downtown as the Portland Enterprise Community. The designation provides $3 million of grant funding and $20 million public bonding capacity for business development projects.

The Portland City Council adopted the Lents Town Center Urban Renewal Plan in September 1998. The plan for the southeast Portland area presented by the Portland Development Commission, will cost an estimated $75 million over 15 years and includes neighborhood and commercial revitalization, projected transportation access and flow improvements, development of public parks, plazas, community centers and open space and development of a variety of affordable housing options. The Commission recently approved entering into an agreement with Lents Town Center Plaza, LLC and the Lents 2000 Limited Partnership to develop a mixed-use project on 2.5 acres at 90th and Foster.

The Columbia Corridor

The Rivergate Industrial Park is a 3,000-acre area owned by the Port of Portland in north Portland. In addition to Rivergate's access to the river and Portland Airport, the area qualifies local businesses for participation in the Enterprise Zone and related tax incentives. The purpose of the City's Enterprise Zone is to stimulate business investment in north and northeast Portland. In an attempt to hire and retrain Enterprise Zone residents for quality jobs, the Portland Development Commission has set up this program to reward businesses that provide local jobs. Businesses who participate can make use of a property tax exemption from new taxes generated during the first three to five years of a non-retail business investment in the Enterprise Zone. The boundaries of the Enterprise Zone include north and northeast Portland residential, commercial and industrial land west of Interstate 205 and north of Broadway Street.

The Australian-based ANI America expanded two of its subsidiaries, investing a total of $55 million for two plants. The first project for Helser Machine Works, producer of rock-crushing machinery, was completed in March 1998 and consists of a new 70,000-square-foot manufacturing facility. The other subsidiary, Welded Tube Company of America, maker of structural tubing

that has subsequently been purchased by LTV Steel, completed a 181,000-square-foot manufacturing facility in September 1997. Oregon Metal Slitters, Inc., finished building a $7 million, 100,000-square-foot plant that produces flat rolled steel.

Burlington Northern Santa Fe Railroad ("BNSF") recently completed several rail bridges and added 14,000 feet of track costing more than $15 million. The projects done in part with the Port of Portland yield a new entrance from the BNSF and Union Pacific main line to North and South Rivergate. The projects increase flexibility and capacity to Rivergate and Terminal 4.

UTILITIES

Portland General Electric Company and Pacific Power & Light provide electric service, and NW Natural distributes natural gas. Telephone services are provided by Qwest Communications and, in some areas, General Telephone of the Northwest.

AGRICULTURE

Because the City is the primary urban center in the state, agriculture is not a major industry in the greater metropolitan area. Multnomah County encompasses the smallest land area (457 square miles) and the largest population among counties in Oregon. Even so, the metro area accounted for more than 24 percent of the state's agricultural sales and harvested acres. Clackamas County ranked second and Washington and Yamhill counties, also included in the metro area, ranked fourth and sixth respectively in total amount of agricultural sales among all Oregon counties.

The preliminary projected gross 1999 farming income in Multnomah County, as estimated by the Oregon State University Extension Service, was $61,383,000, consisting of $59,311,000 from crops and $2,072,000 from livestock and their products. Multnomah County had 13,244 harvested acres in 1999.

TRANSPORTATION AND DISTRIBUTION

The City is a leading warehousing and distribution center for the Pacific Northwest, serving a market area of approximately seven million people. The City's location at the head of deep-water navigation on the Columbia River system gives it substantial geographic and, therefore, economic advantages for the shipment of freight. The Columbia River ship channel is maintained at a depth of 40 feet from the Portland Harbor to the Pacific Ocean 110 miles downstream. The City is a regular port of call for 16 regularly scheduled major steamship lines serving major world trade routes. Seven Oregon and Washington port districts have joined to fund a five-year, $6 million study of the feasibility of deepening the shipping channel of the Columbia River from 40 feet to 43 feet, in order to accommodate today's larger vessels. Primary cargoes include containers, automobiles, grain, and mineral bulks.

Upstream from the City, the Columbia River provides the only water route through the Cascade Mountains to the agricultural "Inland Empire" 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 three primary barge lines providing service between the upriver ports and the City. 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 mountains.

The City 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.

The Port of Portland is a port district encompassing Multnomah, Clackamas and Washington counties. The Port owns and maintains five marine terminals, four airports, seven business parks and the Portland Shipyard. The Port's 982-foot floating dry dock at the Swan Island Ship Repair Yard is the largest in the Americas and the third largest in the world. In 1994, the Port approved a $60 million, ten-year plan to build out Terminal 6, which will expand its capacity to handle container units and larger ships. At present, Terminal 6 comprises 122 acres, has three berths with seven gantry cranes, and features uncongested yard space with rail, truck and barge access. In addition, the Port has recently completed a $12 million investment in rail infrastructure improvements made during the past two years.

In tonnage of total waterborne commerce, the Port is currently ranked as the third largest volume port on the West Coast, after Long Beach and Los Angeles. Exports include wheat and barley, potash, beef pulp pellets, baled hay, forest products (logs, lumber, plywood and wood chips), paper and newsprint, scrap metal, soda ash and aluminum products. The Port of Portland is the largest wheat export port in the United States and the second largest grain exporting center in the world. Imports include cement, ore (limestone, iron ore and alumina), iron and steel products, petroleum products, crude salt, autos and trucks. Total

waterborne tonnage moving through the Port increased by 6.6 percent in 1999, with a total of over 12.0 million short tons of cargo. Approximately 31.2 percent of that tonnage was grain. The total revenue generated by waterborne commerce including imports and exports was $9.6 billion in 1999. During 1999, Port activities, including aviation and marine activities, generated $160.7 million in operating revenues.

The Port of Portland submitted an updated 20-year Transportation Improvement Plan ("TIP") to Metro and the Oregon Department of Transportation for inclusion in the Regional Transportation Plan and for funding and construction consideration through the state and metropolitan fund allocation processes. The Port's plan identifies the need for 57 road, rail, transit and waterway improvement projects, estimated to cost $771 million, to address business and passenger access to markets through Port gateways, and to improve infrastructure for the movement of freight in the region. Some of the projects in the plan, such as those located within Port facilities, are primarily the Port's responsibility. However, many of the projects are on systems owned and operated by other governments or private rail carriers. The Port's plan lists 10 priority projects, which are in various stages of funding commitment from the partners. The projects (not in priority order) include: a light rail extension to PDX; highway and some rail improvements on connectors to Lombard, 82nd Avenue/I-205, I-205/Airport Way; South Rivergate, Going Street; North Marine Drive and I-5; channel deepening; Hayden Island bridge; and Airport Way and Rivergate "Intelligent Transportation Systems".

PDX handled 13.7 million passengers in 1999, a 5.4 percent increase over 1998; and 274,971 short tons of air cargo in 1999, an increase of 6.0 percent over 1998. Nineteen passenger airlines and fourteen cargo airlines operate out of the airport. Major airlines include American, Canadian, Continental, Delta, Northwest, Southwest, TWA, and United; national airlines include Alaska, America West, and Hawaiian; regional airlines include Air BC, Horizon, Harbor Air, Regional, Sky West, Casino Express, Reno Air, and United Express. The airport, one of the fastest growing international airports in the nation, has undergone extensive expansion over the past four years, including construction of $100 million in new terminal facilities which were the first phase of an $800 million plan for ten years of parking, road and terminal improvements. A new $15.5 million, 266-foot air traffic control tower (funded by the Federal Aviation Administration) was completed in February 2000. With an additional $5.5 million investment in current state-of-the-art fiber optics and electronics, the new tower is designed to guide plans in and out of PDX while accommodating anticipated airport expansion in future years. The new airport canopy sheltering the terminal's front entrances and widened roadway was recently completed. Other planned improvements will include the south terminal expansion project, a 2,700-space addition to the existing parking garage, a de-icing facility for planes, an extended central utility plant and light rail stations. Later improvements planned for PDX include a second terminal building to be constructed east of the existing terminal and connected by a long concourse.

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 Interstate 5, the primary north-south highway artery of the West Coast, and by-pass routes I-205 and I-405 within and around Portland. The primary east-west highway system is Interstate 84, which begins at Portland and heads east along the Columbia River to Idaho and beyond. The 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 Oregon Department of Transportation is starting a $100 million renovation plan for highways and bridges in the metropolitan area. Major projects include a 26-mile corridor of Interstate 5 between Wilsonville and the Interstate Bridge over four years and painting and rehabilitation of the northbound Interstate 5 bridge over 18 months. Interstates 84 and 205 are scheduled to receive new asphalt surfaces during the next four years. A complete renovation of the Hawthorne Bridge was completed in 1999. In March 2000, the Oregon Department of Transportation began a $9.6 million, 16-month project to rehabilitate the 75-year-old Ross Island Bridge. Other bridges are scheduled for extensive rehabilitation and repair during the next few years including the St. Johns, Oregon City Arch, Interstate and Boones bridges.

In the City, numerous street-related projects are under construction including projects for downtown office buildings and commercial development, combined sewer overflow pipe installation, retaining walls to minimize drainage problems, resurfacing, arterial connection and street rehabilitation.

Tri-Met, the regional public transit agency, provides bus service through the region. Tri-Met's light rail system ("MAX") began operation in the fall of 1986 with the opening of the 15-mile line between downtown Portland and the City of Gresham to the east. Construction of a 12-mile, $913-million extension of the light rail line west into Washington County began in May 1993. Completed in 1998, the Westside extension extends the line out to the cities of Beaverton and Hillsboro. This project was funded

by federal transportation funds, the Oregon State Lottery, a $125 million bond measure and $21 million pledged by local governments.

Construction of the $125 million light rail link, Airport MAX, to PDX began early in 1999. Federal approval has been issued for an airline passenger surcharge by airlines located at PDX for partial funding. Primary funding agencies are the Port of Portland, Tri-Met, the Portland Development Commission and CascadeStation. The project is in the construction-testing phase. Grand Opening for the fare service is currently scheduled for September 2001.

CascadeStation includes 210 acres of proposed development on Port property south of Airport Way between I-205 and Northeast 82nd Avenue. Future development will include hotels, office buildings and a theater complex on 120 acres of the project. Initial construction costs are estimated at $180 million. A Bechtel subsidiary, Bechtel Infrastructures, will build the entire light-rail line as well as streets in CascadeStation.

Construction is underway on a north spur of the light rail system to run along the east side of the Willamette River from the Rose Garden to the Portland Metropolitan Exposition Center. Estimated costs are about $350 million, including $240 million in federal dollars in that corridor. Local funding sources include $55 million in Metro regional money, $25 million from Tri-Met, and $30 million from the City of Portland.

Construction is now in process on a new commuter trolley, the Central City Streetcar project, which connects the downtown area with the Pearl District and Northwest Portland. Transportation on the trolley will be free to riders and included in the "Fareless Square" program.

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

Portland is Oregon's largest city and the center of business and transportation routes in the state. Therefore, the City accommodates a large share of Oregon'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 Civic Theater, Oregon Ballet, Portland Opera, Portland Art Museum, Oregon Historical Society Museum, Children's Museum, OMSI, Western Forestry Center, Japanese Gardens, International Rose Test Gardens, and the Oregon Zoo and Zoological Gardens. 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.

Professional sports teams, the National Basketball Association Portland Trail Blazers and the Western Hockey League Portland Winterhawks, play at the Rose Garden Arena complex and the Memorial Coliseum. The City has been awarded a Women's National Basketball Association franchise, with play beginning in June 2000. The City has recently adopted a $38.5 million plan to renovate Civic Stadium and entered into an agreement with Portland Family Entertainment to operate the facility. The renovated stadium will serve as an active venue for AAA league baseball, an expected A league soccer franchise, Portland State University football, concerts and other large community events.

A prime tourist attraction for the City, which is known as the City of Roses, is the three-week long Portland Rose Festival held each year in June. More than two million participants take part in the Festival annually. The Festival includes prominent car races and the two-day Rose Festival Air Show that is rated as one of the top five air shows in the nation and routinely attracts a quarter million spectators.

According to the Portland Oregon Visitor's Association ("POVA"), an estimated 307,605 convention delegates visited the City in 1999, attending meetings and exhibits in the Oregon Convention Center, the Memorial Coliseum, and other facilities. These visitors represented expenditures of approximately $96 million in the metropolitan area.

POVA lists approximately 80 hotels and motels within the City, with a total of 10,689 units. Another 75 hotels and motels are located in the metropolitan area including Vancouver and Clark County, with a total of 6,824 units. POVA reports occupancy rates for downtown Portland at 70.7 percent for 1999, the most recent year for which statistics are available, compared with a national average of 63.4 percent. Developers are in process of building an additional 1,105 rooms in the City. These construction activities include several large projects in the downtown and airport areas. (See "ECONOMIC DEVELOPMENT" herein.)

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 fertile Willamette Valley to the south offer opportunities for hiking, camping, swimming, fishing, sailboarding, skiing, wildlife watching and numerous other outdoor activities.

HIGHER EDUCATION

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

Portland State University ("PSU"), one of the three large universities in the Oregon State System of Higher Education, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers baccalaureate and masters degrees in over 32 areas, doctoral degrees in six fields, and certificates in nine areas. Enrollment, as of fall 1999, was 16,041. PSU is noted for the development of programs specifically designed to meet the needs of the urban center. The City has approved PSU's plans for major changes to the campus, creating an expanded university district, with gateways, more green spaces, a transit plaza, and several new academic and student housing buildings. The first two projects, estimated at $60 million, are under construction and include a 100,000-square-foot academic building that will include retail space and a transit stop; and an elementary school and family facility that is planned jointly with the Portland Public School District. In addition, PSU is studying the design feasibility of several mixed-use projects.

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

Portland is the location of Oregon Health Sciences University ("OHSU"), located on 116 acres in the hills west of downtown. OHSU offers academic programs in dentistry, medicine and nursing, as well as continuing education, child development and rehabilitation, clinical training certificates, internships and fellowships. Combined enrollment, which includes students, resident and fellows in the fall of 1999, was 1,854. OHSU not only is dedicated to the education of health professionals, but also is a leader in biomedical research, receiving nearly $100 million in grants for research annually. OHSU is also dedicated to public service and to patient care through the University Hospital, the Oregon Poison Center, the School of Dentistry and Doernbecher Children's Hospital. These facilities, with the University Clinics, the School of Medicine's Specialty Centers and the Child Development and Rehabilitation Center, served over 100,000 patients in 1999.

OHSU operates out of 37 major buildings on the Marquam Hill Campus with approximately 4 million square feet of space. The University also operates more than 10 additional primary care and specialty care clinics throughout the area. Several building projects are now underway or have been completed on the campus, including a $29 million Neurosensory Research Center; a $29 million Center for Ambulatory Research and Education; and a $25 million C Wing addition to University Hospital South, completed in early 1996; and a $3 million major utility upgrade at University Hospital South.

Independent colleges in the City include Lewis & Clark College, the University of Portland, Reed College, and Marylhurst University, and three smaller church-affiliated schools, Warner Pacific College, Concordia University, and Columbia Christian College. The Western States Chiropractic College and East West College of the Healing Arts are also located in the City. Community colleges serving the Portland area include Portland Community College, which operates educational centers at several locations throughout the City, in neighboring Washington County, and in Columbia County to the north; Mt. Hood Community College in Gresham, east of Portland; and Clackamas Community College at Oregon City in Clackamas County. The Division of Continuing Education of the State System of Higher Education offers a diversified program for adult education in the City, principally through evening classes but also through correspondence classes and other services.

PUBLIC FACILITIES

Water

Portland's 102-square-mile Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood, is the primary source of water for the Portland metropolitan region. Water is gravity-fed to the City and surrounding areas through three conduits. These conduits are 25 miles long and have a carrying capacity of 210 million gallons per day. The City installed a groundwater backup system on the Columbia River south shore. The system pumps groundwater into the Powell Butte reservoir, where it is blended with Bull Run surface water. Portland's storage reservoir capacity in the Bull Run is 21 billion gallons; 10.2 billion is available without filtration. Current usage from the Portland water system averages 95 million gallons a day in the winter (November to June) and 160 million gallons a day during the average peak season summer months (July to October). The system is capable of supplying up to 230 million gallons on a peak day. Current projects include pre-design work on the construction of a new conduit as part of the gravity water feed system and the feasibility of enclosing several open reservoirs.

The City, along with Metro and 25 other metropolitan area cities and water districts, participates in the Regional Water Providers Consortium. The Consortium works together through a voluntary intergovernmental agreement to coordinate and implement the Regional Water Supply Plan and to address water supply and resource management issues affecting the region. The City provides technical planning and administrative staff to the Consortium through the City's Water Bureau through an intergovernmental agreement.

Sewer and Wastewater

Approximately one-third of the 96,200 acres within the City Urban Services Boundary and approximately 60 percent of the City's population is served by combined sanitary and stormwater sewers. During rainstorms, the collection system exceeds the capacity of the interceptor system that conveys sewage to the Columbia Boulevard treatment plant, resulting in overflows of untreated sewage directly into the Willamette River and the Columbia Slough. Under an agreement between the City and the Oregon Department of Environmental Quality, the City is undertaking the Combined Sewer Overflow program to remedy this situation. Costs are estimated at more than $1 billion to be invested over 20 years, including a $400 million treatment plant to be built near the Willamette River. Major construction is now underway and the specific projects are expected to meet regulatory compliance dates in 2001, 2007 and 2011.

RETAIL SALES

The metropolitan retail market combines the central city retail area with seven major regional shopping malls. Portland moved up from the 27th to the 21st largest retail market in the country for 1998, with total retail sales of over $21.7 billion. The metropolitan area contains over 36.1 million square feet of retail space in more than 428 regional, community and neighborhood shopping centers.

OTHER ECONOMIC FACTORS

The following table shows various economic indices for the City over the past ten years.

Table 23
CITY OF PORTLAND, OREGON
Various Economic Indices
for Fiscal Years Ending June 30

	Retail	Commercial Const.		Residential Const.		Total Construction		Bank
Fiscal Year	Sales ($000)	No. of Permits	Value	No. of Permits	Value	No. of Permits	Value	Deposits ($000)
1989	$10,964,049	3,134	$351,209,442	3,013	$101,901,769	6,147	$453,111,211	Not available
1990	12,139,866	3,230	294,157,779	2,795	141,957,418	6,025	436,115,197	$6,662,366
1991	12,679,335	3,120	394,944,741	2,898	134,086,901	6,018	529,031,642	Not available
1992	13,914,356	3,242	233,574,653	3,329	111,153,551	6,571	344,728,204	9,087,891
1993	15,362,788	3,230	255,190,445	3,424	100,321,321	6,654	355,511,766	10,917,713
1994	16,601,340	3,300	424,277,673	4,125	182,599,809	7,425	606,877,482	9,234,510
1995	17,434,431	3,286	387,755,191	3,822	113,779,784	7,108	501,534,975	10,899,814
1996	18,826,688	3,069	497,058,470	4,011	132,248,762	7,080	629,307,232	11,133,967
1997	20,049,925	3,378	690,910,816	4,343	157,497,045	7,721	848,407,861	14,281,503
1998	21,782,839	3,760	725,276,267	4,186	175,239,479	7,946	900,515,746	12,942,646

Sources:

Retail Sales:
Sales and Marketing Management, Survey of Buying Power. Data is presented for Portland-Vancouver PMSA.

Building:
City of Portland, Bureau of Buildings. Data is collected on a fiscal year basis and includes new construction and alterations. In July 1986 the City's Permit Center consolidated with the East County Permit Center operated by Multnomah County. Permit data shown is for the City of Portland *only*.

Bank Deposits:
State of Oregon, Division of Finance and Corporate Securities.

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. Currently over 100 proposed initiative measures have been submitted to the Oregon Secretary of State's Office for the November 2000 general election.

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

PROPOSED INITIATIVES WHICH QUALIFY TO BE PLACED ON THE BALLOT

To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a 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 2000 general election, the requirements will be eight percent (89,048 signatures) for a constitutional amendment measure and six percent (66,786 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

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

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 only.

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

Table 24
CITY OF PORTLAND, OREGON
Initiative Petitions that Qualified and Passed
1988-2000

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
1988	5	3
1990	8	3
1992	7	0
1994	16	9
1996	16	4
1998	10	6
2000	18	4 (1)

Notes:

(1) Due to a current ruling by Marion County Circuit Court the State of Oregon Secretary of State is enjoined from canvassing the votes for Measure 7, and it has not been included in the number of initiatives that passed. See "Initiative Petitions Which Were Approved by the Voters in November 2000" below.

Source: Elections Division, Oregon Secretary of State.

FUTURE INITIATIVE MEASURES

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

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

INITIATIVE PETITIONS WHICH WERE APPROVED BY THE VOTERS IN NOVEMBER 2000

The following initiative petition to amend the Oregon Constitution was unofficially approved by the Oregon voters in the November 7, 2000 general election and may have significant, adverse effects on the finances of Oregon governments.

Measure 7

Overview

Unofficial counts indicate that on November 7, 2000, the voters of the State of Oregon approved an initiative petition ("Measure 7") amending the Oregon Constitution to require the state and local governments to compensate property owners for restrictions on the use of private real property, if the restrictions reduce the value of the property. Measure 7 suggests that a government may avoid paying compensation by releasing property from the restrictions.

Measure 7 may apply to restrictions which were adopted before it was approved, if the current owner of the property was the owner when the restrictions were adopted, first enforced or applied.

Measure 7 does not require governments to compensate property owners for restrictions that enforce historically and commonly recognized nuisance laws, restrictions that implement, to the minimum extent required, requirements of federal law, and certain restrictions relating to pornography, nude dancing, sale of alcoholic beverages or other controlled substances, and gambling.

The City has adopted zoning ordinances and other land use restrictions which could be the subject of compensation claims under Measure 7.

No statutes exist which clarify or implement Measure 7. The Oregon Legislative Assembly convened in regular session in January of 2001. Some members of the Oregon Legislative Assembly are considering the adoption of statutes that clarify and implement Measure 7, and may consider referring amendments to the voters.

However, litigation has been filed against Measure 7 seeking a determination that Measure 7 is unconstitutional. See "Status of Litigation" below. Some property owners have already filed claims against some local governments seeking compensation for restrictions on property.

Claims may be filed against the City at any time. Because the scope and constitutionality of Measure 7 are not clear, the City does not expect to be able to evaluate the merits of any Measure 7 claims quickly.

The City cannot predict whether Measure 7 will be determined to be constitutional, how it will implemented, or whether the City will be required to pay substantial claims for compensation under Measure 7. However, the City notes that Measure 7 could be implemented in a way that would have a material, adverse effect on the financial condition of the City.

Status of Litigation

On December 6, 2000, the Marion County, Oregon Circuit Court preliminarily enjoined the State of Oregon from determining that Measure 7 has been approved. The injunction arose from litigation filed by citizens, the League of Oregon Cities and local governments, including the City of Portland, which asked the court to determine that Measure 7 was not enacted in accordance with the Oregon Constitution, and is therefore of no legal force and effect.

Plaintiffs argue that Measure 7 violates three separate requirements of the Oregon Constitution. On February 22, 2001, the Circuit Court held that Measure 7 violated two of those requirements. The ruling will prevent Measure 7 from becoming law unless an appellate court overturns the ruling and determines that Measure 7 was adopted in compliance with the requirements of the Oregon Constitution.

The City expects the ruling will be appealed. The City cannot predict whether an appellate court will ultimately determine that Measure 7 violates the Oregon Constitution. However, the City does not need to accept or process claims for compensation under Measure 7 while the ruling stands.

TAX EXEMPT STATUS OF 2001 SERIES C BONDS

General. In the opinion of Preston Gates & Ellis LLP, Portland, Oregon, Bond Counsel, interest on the 2001 Series C Bonds is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), provided the requirements of the Code described in this section under the heading "Continuing Requirements" are complied with.

The 2001 Series C Bonds contain both private activity bonds and bonds that are not private activity bonds. However, the 2001 Series C Bonds that are private activity bonds are "qualified 501(c)(3) bonds." Interest on the 2001 Series C Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. Interest on the 2001 Series C Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code as more fully described in this section under the heading "Certain Federal Income Tax Consequences."

Except as described herein, Bond Counsel expresses no opinion on any federal, state or local tax consequence arising with respect to ownership of the 2001 Series C Bonds.

Continuing Requirements. The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the 2001 Series C Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the facilities financed or refinanced with such proceeds, limitations on the ownership of such facilities, limitations on the investment of bond proceeds prior to expenditure and a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States. The City has covenanted in the bond documents that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the City contained in the bond documents pertaining to those sections of the Code which affect the exclusion from gross income of interest on the 2001 Series C Bonds for federal income tax purposes and, in addition, will rely on representations by the City with respect to matters solely within the knowledge of the City, which Bond Counsel has not independently verified. If the City should fail to comply with the covenants in the bond documents or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the 2001 Series C Bonds could become taxable from their dates of delivery, regardless of the date on which the event causing such taxability occurs.

Certain Federal Income Tax Consequences. The following is a discussion of certain federal tax matters under the Code. This discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondowners. Prospective Bondowners, 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 2001 Series C Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Alternative Minimum Tax on Corporations. Section 55 of the Code imposes an alternative minimum tax on corporations equal to the excess of the tentative minimum tax for the taxable year over the regular tax for such year. The tentative minimum tax is based upon alternative minimum taxable income which is regular taxable income with certain adjustments and increased by the amount of certain items of tax preference. One of the adjustments is 75 percent of the amount by which a corporation's adjusted current earnings exceeds the corporation's alternative minimum taxable income (determined without regard to such adjustment and the alternative tax net operating loss deduction). Interest on tax exempt obligations, such as the 2001 Series C Bonds, is included in a corporation's adjusted current earnings.

For taxable years beginning after December 31, 1997, the corporate alternative minimum tax is repealed for small business corporations that had average gross receipts of less than $5 million for the 3-year period beginning after December 31, 1994, and such small business corporations will continue to be exempt from the corporate alternative minimum tax so long as their average gross receipts do not exceed $7.5 million.

Financial Institutions. The Code denies banks, thrift institutions and other financial institutions a deduction for 100% of their interest expense allocable to tax exempt obligations, such as the 2001 Series C Bonds.

Borrowed Funds. The Code provides that interest paid on funds borrowed to purchase or carry tax exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or when carrying particular assets, the purchase of obligations may be

considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies. The deduction for loss reserves for property and casualty insurance companies is reduced by 15 percent of the sum of certain items, including the interest received on tax exempt bonds, such as the 2001 Series C Bonds.

Social Security and Railroad Retirement Benefits. The Code also requires recipients of certain Social Security or Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest that is exempt from federal income tax.

Branch Profits Tax. Certain foreign corporations doing business in the United States may be subject to a branch profits tax on their effectively connected earnings and profits, including tax exempt interest on obligations such as the 2001 Series C Bonds.

S Corporations. Certain S corporations that have subchapter C earnings and profits at the close of a taxable year and gross receipts more than 25% of which are passive investment income, which includes interest on tax exempt obligations, such as the 2001 Series C Bonds, may be subject to a tax on excess net passive income.

Premium. Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity, or, in some cases, at their earlier call date ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowed for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Original Issue Discount. If the initial public offering prices of any of the 2001 Series C Bonds is less than the principal amount thereof payable at maturity (collectively in this section, the "Discounted Bonds"), the Discounted Bonds will be considered to be issued with Original Issue Discount. The difference between the initial public offering price of the Discounted Bonds and the principal amount payable at maturity of the Discounted Bonds will be treated as "Original Issue Discount." With respect to a taxpayer who purchases a Discounted Bond at the initial public offering price (assuming it is the first price at which a substantial amount of each maturity of the Discounted Bonds is sold) and who holds such Discounted Bond to maturity, the full amount of Original Issue Discount will constitute interest which is not includable in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Section 1288 of the Code provides, with respect to tax exempt obligations such as the Discounted Bonds, that the amount of Original Issue Discount accruing each period will be added to the owner's tax basis for the Discounted Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discounted Bonds (including sales, redemption or payment at maturity). An owner of a Discounted Bond who disposes of such Discounted Bond prior to maturity should consult his tax advisor as to the amount of Original Issue Discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discounted Bond prior to maturity.

The Original Issue Discount on each of the Discounted Bonds is treated as accruing daily over the term of such Discounted Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending June 1 and December 1 (with straight line interpolation between compounding dates).

A portion of the Original Issue Discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the Original Issue Discount will be included in the calculation of the corporation's alternative minimum tax liability. Corporate owners of any Discounted Bonds should be aware that the accrual of Original Issue Discount in each year may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Bonds in the initial public offering but at a price different from the first offering price at which a substantial amount of the Discounted Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of Original Discount in the case of subsequent purchasers of obligations such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of the Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

State Tax Exemption. In the opinion of Bond Counsel, interest on the 2001 Series C Bonds is exempt from present State of Oregon personal income taxation.

TAXABLE STATUS OF 2001 SERIES D BONDS

Interest on the 2001 Series D Bonds is included in gross income subject to federal income taxation under Section 103(a) of the Code.

In the opinion of Bond Counsel, interest on the 2001 Series D Bonds is exempt from present State of Oregon personal income taxation.

RATING

The 2001 Series D Bonds maturing on June 1, 2017 and June 1, 2018, and the 2001 Series D Term Bonds maturing on June 1, 2023 have been rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") with the understanding that upon delivery of the 2001 Series D Bonds, an insurance policy will be issued by MBIA Insurance Corporation. The remaining 2001 Series D Bonds and the 2001 Series C Bonds are not insured, and have been rated "Aa2" by Moody's. An explanation of the significance of such ratings may be obtained from Moody's. There can be no assurance that any rating assigned to the 2001 Bonds will not be revised at a later date.

FINANCIAL ADVISOR

The City has retained Regional Financial Advisors, Inc., Portland, Oregon, as Financial Advisor in connection with the authorization and issuance of the 2001 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2001 Bonds by the City are subject to the approving opinion of Preston Gates & Ellis LLP, Portland, Oregon, Bond Counsel. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the 2001 Bonds, the Ordinance, and the authority to issue the 2001 Bonds, and the treatment of 2001 Bond interest under federal and state tax laws is accurate. 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.

LITIGATION

There is no litigation pending or threatened against the City which impairs the City's ability to make principal and interest payments on the 2001 Bonds when due. There is no litigation pending or threatened against the City which would materially and adversely affect the financial condition of the City.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of the 2001 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 2001 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 2001 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 2001 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 D for the benefit of the 2001 Series C Bond holders.

The City has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide 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 2001 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 2001 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 /s/ Eric H. Johansen
Debt Manager
Office of Management and Finance

CITY OF PORTLAND, OREGON

1851

APPENDIX A
ORDINANCE

CITY OF PORTLAND OREGON

1851

* Authorize Limited Tax Revenue Bonds for the Portland Center for the Performing Arts Project (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City passed Ordinance No. 174307 on April 5, 2000, authorizing the issuance of up to $300,000,000 of bonds under the Uniform Revenue Bond Act to finance various public projects. Notice of the authorization was published as required by Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945).

2. The Uniform Revenue Bond Act permits the City to issue the bonds unless, within 60 days after the notice is published, five percent or more of the City's electors file a petition to refer the question of issuing the bonds to the City's voters. More than sixty days have passed since the publication of the notice of authorization, and the City has not received petitions to refer the revenue bonds described in that notice to a vote of the people. The City is now authorized to issue the bonds described in Ordinance No. 174307.

3. The Uniform Revenue Bond Act permits the City to pledge revenues, defined to include all fees, tolls, taxes, and other income available to the City to pay obligations issued under the Uniform Revenue Bond Act and under Ordinance No. 174307.

4. The City has previously issued other bonds pursuant to Ordinance No. 174307. Issuing the $2,100,000 of bonds authorized by this ordinance will not exhaust the authority available under Ordinance No. 174307.

NOW, THEREFORE, the Council directs:

A. Definitions.

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

"2001 Bonds" means the Limited Tax Revenue Bonds (PCPA Project), which are authorized by Section 1.K. of this Ordinance.

"Additional Bonds" means obligations issued in compliance with Section 1.C of this Ordinance which are secured by a lien on the PCPA Payments which is on a parity with the lien of the 2001 Bonds.

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

(i) interest which is to be paid from Bond proceeds shall be subtracted;

(ii) 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; and,

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

"Available General Funds" means "revenues" as defined in the Uniform Revenue Bond Act, and includes all taxes and other legally available general funds of the City.

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

"Bonds" means the 2001 Bonds and any Additional Bonds.

“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.

“Code” means the Internal Revenue Code of 1986, as amended.

“County” means Multnomah County, Oregon.

“Debt Manager” means the Debt Manager of the City, the Director of the Bureau of Financial Management of the City, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance.

“DTC” means the Depository Trust Company of New York, the initial securities depository for the Bonds.

“Event of Default” refers to an Event of Default listed in Section 1.G.1 of this Ordinance.

“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.

“IGA” or “Intergovernmental Agreement” means the Visitor Facilities Intergovernmental Agreement between the City, the County and Metro, as it may be amended from time to time.

“Metro” means the Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon.

“Ordinance” means this ordinance, with any amendments or supplements.

“Outstanding” refers to all Bonds except Bonds which have been paid, canceled, or defeased pursuant to Section 1.I. of this Ordinance, and Bonds which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the register maintained by the Paying Agent as the registered owner of a Bond.

“PCPA” means the Portland Center for the Performing Arts.

“PCPA Payments” means all amounts the City is entitled to receive under the Intergovernmental Agreement to pay debt service on obligations issued to finance costs of the Portland Center for the Performing Arts Project, including costs of issuance.

“Paying Agent” means the Paying Agent for the Bonds, which, at the time of enactment of this Ordinance, is U.S. Bank Trust National Association or its successor.

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

“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 Ordinance.

"Subordinate Obligations" means obligations issued in compliance with Section 1.D of this Ordinance which are secured by a lien on, and pledge of, the PCPA Payments which is on subordinate to the lien on, and pledge of, the PCPA Payments which secures the Bonds.

"Supplemental Ordinance" means any ordinance amending or supplementing the Ordinance, which is passed in accordance with Section 1.F.

B. Security for Bonds.

1. The City pledges the PCPA Payments to pay the Bonds. Pursuant to ORS 288.594, this pledge shall be valid and binding from the time of the adoption of this Ordinance. The amounts so pledged and hereafter received by the City shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be superior to all other claims and liens whatsoever to the fullest extent permitted by ORS 288.594(2).

2. The City hereby pledges its full faith and credit to pay the Bonds. The Bonds shall be limited tax revenue bonds of the City, and the City shall pay the Bonds from Available General Funds if the PCPA Payments are not sufficient to pay the Bonds. The City is not authorized to levy additional taxes to pay the Bonds.

3. This Ordinance shall constitute a contract with the Owners of the Bonds.

C. Additional Bonds.

1. The City may issue Additional Bonds for any purpose related to the PCPA, but only if:

   a. No Event of Default under this Ordinance has occurred and is continuing.

   b. The Debt Manager files with the City a certificate reasonably projecting that the PCPA Payments will be sufficient to pay all Outstanding Bonds, with the proposed Additional Bonds treated as Outstanding.

2. The City may issue Additional Bonds to refund Outstanding Bonds without complying with Section 1.C.1 if the refunded Bonds are defeased on the date of delivery of the refunding Additional Bonds and if the Annual Debt Service on the refunding Additional Bonds does not exceed the Annual Debt Service on the refunded Bonds in any Fiscal Year by more than $5,000.

3. All Additional Bonds issued in accordance with this Section 1.C shall have a lien on the PCPA Payments which is equal to the lien of all other Outstanding Bonds.

D. Subordinate Obligations.

The City may issue Subordinate Obligations only if the Subordinate Obligations state clearly that they are secured by a lien on or pledge of the PCPA Payments, which is subordinate to the lien on, and pledge of, the PCPA Payments for the Bonds.

E. General Covenants.

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

1. The City shall promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Ordinance and any Supplemental Ordinance.

2. The City shall not issue any obligations which have a lien or claim on the PCPA Payments which is superior to the lien or claim of the Owners.

F. Amendment of Ordinance.

1. The City may enact a Supplemental Ordinance to amend this Ordinance without the consent of any Owner for any one or more of the following purposes:

    a. To cure any ambiguity or formal defect or omission in this Ordinance;

    b. To add to the covenants and agreements of the City in this Ordinance other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Ordinance as theretofore in effect;

    c. To confirm, as further assurance, any security interest or pledge created under this Ordinance or any Supplemental Ordinance;

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

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

    a. Extends the maturity of any Bonds, reduces the rate of interest on any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on any Bonds, or reduces any premium payable on any Bonds, without the consent of all affected Owners; or

    b. Reduces the percent of Owners required to approve Supplemental Ordinances.

G. Default and Remedies.

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

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

    b. Failure by the City to observe and perform any covenant, condition or agreement which this Ordinance requires the City to observe or perform for the benefit of Owners of 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 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 a; 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 the installment payments.

2. The Owners of ten percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 1.1.

3. If an Event of Default occurs and is continuing the Owners of ten percent or more of the principal amount of affected Bonds then Outstanding may exercise any remedy available at law or in equity; however, the Bonds shall not be subject to acceleration.

4. No remedy in this Ordinance conferred upon or reserved to Owners of 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 Ordinance 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 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 Ordinance or by law.

H. Ownership of Bonds.

1. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Ordinance, the initial purchaser of the Bonds may be treated as the Owner of the Bonds at the time the Bonds are delivered in exchange for payment.

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

I. Defeasance.

The City shall be obligated to pay any Bonds which are defeased in accordance with this Section 1.I. solely from the money and Government Obligations which are deposited in escrow agent pursuant to Section 1.I Bonds shall be deemed defeased if the City:

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 Bonds which are to be defeased; and,

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 Bonds when due.

J. Rules of Construction.

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

1. References to Section numbers shall be construed as references to this Ordinance.

2. References to one gender shall include all genders.

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

K. The 2001 Bonds.

1. Authorization. The City hereby authorizes the sale and delivery of the 2001 Bonds in accordance with this Ordinance to finance the PCPA Completion Project. The aggregate principal amount of the 2001 Bonds shall not exceed Two Million One Hundred Thousand Dollars ($2,100,000). The 2001 Bonds may be issued in multiple series.

2. Delegation. The Debt Manager may, on behalf of the City:

a. participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the 2001 Bonds;

b. provide that the 2001 Bonds may be issued in one or more series, may bear interest at fixed rates or variable rates, and may pay deferred interest;

c. establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the 2001 Bonds, and either publish a notice of sale, receive bids and award the sale of the 2001 Bonds to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters and negotiate the sale of the 2001 Bonds with those underwriters;

d. undertake to provide continuing disclosure for the 2001 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;

e. apply for and purchase municipal bond insurance or other obtain other forms of credit enhancements for each series of the 2001 Bonds or obtain reserve credit facilities or other reserve equivalents for each series of the 2001 Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;

f. provide that one or more series of the 2001 Bonds may bear interest which is includable in gross income under the Code, provide that one or more series of the 2001 Bonds may be tax exempt, and enter into covenants to maintain the tax exemption for any series of the 2001 Bonds which bear interest which is excludable from gross income under the Code;

g. appoint and enter into agreements with paying agents, remarketing agents, verification agents and other professionals and service providers; and

h. execute any documents and take any other action in connection with the 2001 Bonds which the Debt Manager finds will be advantageous to the City.

3. Form. The 2001 Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the Debt Manager. The 2001 Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

4. Book Entry System for 2001 Bonds. The 2001 Bonds shall be initially issued in BEO form and shall be governed by this Section 1.K.4. While 2001 Bonds are in BEO form no physical 2001 Bonds shall be provided to Owners of 2001 Bonds. The Debt Manager has executed and delivered a blanket Letter of Representations to DTC. While the 2001 Bonds are in BEO form, registration and transfer of beneficial interests in the 2001 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 2001 Bonds are in BEO form:

   a. DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of 2001 Bonds. 2001 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 2001 Bonds called for redemption or of any other action premised on such notice.

   b. The City may discontinue maintaining the 2001 Bonds in the BEO form at any time. The City shall discontinue maintaining the 2001 Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2001 Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

c. If the City discontinues maintaining the 2001 Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2001 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 1.K.6. below, regarding registration, transfer and exchange of 2001 Bonds shall apply.

d. While the 2001 Bonds are in BEO form, 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 2001 Bonds;

(2) the delivery to any participant or correspondent or any other person of any notice with respect to the 2001 Bonds, including any notice of prepayment;

(3) the selection by DTC of the beneficial interest in 2001 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 2001 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 2001 Bonds.

e. The City shall pay or cause to be paid all principal, premium and interest on the 2001 Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their 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.

f. The provisions of this Section 1.K.4. may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for bonds issued in book-entry only form.

5. Redemption of 2001 Bonds.

a. The 2001 Bonds shall be subject to redemption on the terms established by Debt Manager. The City reserves the right to purchase 2001 Bonds in the open market.

b. If any 2001 Bonds are subject to mandatory redemption, the City may credit against the mandatory redemption requirement any 2001 Bonds of the same maturity which the City has previously purchased or which the City has previously redeemed pursuant to any optional redemption provision.

c. So long as 2001 Bonds are in book-entry only form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC in connection with the issuance of the 2001 Bonds.

d. During any period in which the 2001 Bonds are not in book-entry only form, unless waived by any Owner of the 2001 Bonds to be redeemed, official notice of any redemption of 2001 Bonds 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 postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2001 Bond or Bonds to be redeemed at the address shown on the 2001 Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

(3) if less than all outstanding 2001 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2001 Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such 2001 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 2001 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

6. Authentication, Registration and Transfer.

a. No 2001 Bond shall be entitled to any right or benefit under this Ordinance unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2001 Bonds to be delivered at closing of the 2001 Bonds, and shall additionally authenticate all 2001 Bonds properly surrendered for exchange or transfer pursuant to this Ordinance.

b. The ownership of all 2001 Bonds shall be entered in the 2001 Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2001 Bond register as the owner of the 2001 Bond for all purposes.

c. While the 2001 Bonds are in book-entry only form, the Paying Agent shall transfer 2001 Bond principal and interest payments in the manner required by DTC.

d. If the 2001 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 2001 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.

e. 2001 Bonds may be exchanged for an equal principal amount of 2001 Bonds of the same maturity which are in different denominations, and 2001 Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:

(1) 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

(2) the 2001 Bonds to be exchanged or transferred.

f. The Paying Agent shall not be required to exchange or transfer any 2001 Bonds submitted to it during any period beginning with a Record Date and ending on the next following Payment Date; however, such 2001 Bonds shall be exchanged or transferred promptly following that Payment Date.

g. The Paying Agent shall note the date of authentication on each 2001 Bond. The date of authentication shall be the date on which the Owner's name is listed on the 2001 Bond register.

h. For purposes of this Section 1.K.6, 2001 Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 1.K.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.

Section 2. Declaration of Emergency. The Council declares that an emergency exists in order that the proceeds of the 2001 Bonds may be available as soon as possible. Therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Exhibit A
Form of 2001 Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Limited Tax Revenue Bond
(PCPA Project)
2001 Series __

Dated Date: _____, 2001
Interest Rate Per Annum: «CouponRate»%
Maturity Date: April 1, «MaturityYear»
CUSIP Number: _____«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the ___ day of _____ and the ____ day of _____ in each year until maturity or prior redemption, commencing_____. 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 Trust National Association, in Portland, Oregon (the "Paying Agent"), as of the close of business on the fifteenth 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 Limited Tax Revenue Bonds (PCPA Completion Project), 2001 (the "Bonds"). The Bonds are issued for the purpose of financing the expansion of the PCPA facilities. The Bonds are authorized by City Ordinance No. 174307 and issued under City Ordinance No. _____ (collectively, the “Ordinance”) and the Oregon Uniform Revenue Bond Act, 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 obligations of the City. The full faith and credit of the City are pledged for the punctual payment of the principal of and interest on the Bonds. The Bonds are secured by a pledge of the PCPA Payments, as defined and provided in the Ordinance. The City has also covenanted to pay the Bonds from its “Available General Funds” as defined in the Ordinance. The City is not authorized to levy any additional taxes to pay the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. 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 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 Ordinance.

The Bonds shall mature and be subject to redemption as described in the final Official Statement for the Bonds which is dated_____, 2001.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Ordinance. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Paying Agent will notify The Depository Trust Company promptly of any Bonds called for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

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

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, by ordinance duly passed, 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

Vera Katz, Mayor

Gary Blackmer, 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 Limited Tax Revenue Bonds (PCPA Project) , 2001 Series C, issued pursuant to the Ordinance described herein.

Date of Authentication: _____, 2001.

U.S. Bank Trust 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.

* Authorize Limited Tax Revenue Bonds for the Civic Stadium Project (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City Council passed Ordinance No. 173652 on August 18, 1999 and Ordinance No. 174526 on June 7, 2000, authorizing the City to issue $40,000,000 of bonds pursuant to the Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945) to provide interim financing for the costs of improvements to the Civic Stadium.

2. On July 26, 2000, the City executed the $40,000,000 Portland Civic Stadium Non-Revolving Credit Facility and the related Bond (collectively, the "Credit Facility and Related Bond") with Bank of America, N.A.

3. The City passed Ordinance No. 174307 on April 5, 2000, authorizing the issuance of up to $300,000,000 of bonds under the Uniform Revenue Bond Act to finance various public projects. Notice of the authorization was published as required by Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945).

4. The Uniform Revenue Bond Act permits the City to issue the bonds unless, within 60 days after the notice is published, five percent or more of the City's electors file a petition to refer the question of issuing the bonds to the City's voters. More than sixty days have passed since the publication of the notice of authorization, and the City has not received petitions to refer the revenue bonds described in that notice to a vote of the people. The City is now authorized to issue the bonds described in Ordinance No. 174307.

5. The Uniform Revenue Bond Act permits the City to pledge revenues, defined to include all fees, tolls, taxes, and other income available to the City to pay obligations issued under the Uniform Revenue Bond Act and under Ordinance No. 174307.

6. The City has previously issued other bonds pursuant to Ordinance No. 174307. Issuing bonds authorized by this ordinance will not exhaust the authority available under Ordinance No. 174307.

7. The City Council adopts this ordinance to authorize long-term financing in order to refinance the Credit Facility and Related Bond and to authorize additional long-term financing under Ordinance No. 174307.

NOW, THEREFORE, the Council directs:

A. Definitions.

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

"2001 Bonds" means the Limited Tax Revenue Bonds (Civic Stadium Project), which are authorized by Section 1.K of this Ordinance.

"Additional Bonds" means obligations issued in compliance with Section 1.C of this Ordinance which are secured by a lien on the Civic Stadium Payments which is on a parity with the lien of the 2001 Bonds.

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

(i) interest which is to be paid from Bond proceeds shall be subtracted;

(ii) 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; and,

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

“Available General Funds” means “revenues” as defined in the Uniform Revenue Bond Act, and includes all taxes and other legally available general funds of the City.

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

“Bonds” means the 2001 Bonds and any Additional Bonds.

“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.

“Civic Stadium Payments” means all amounts the City is entitled to receive under the Intergovernmental Agreement to pay debt service on obligations issued to finance costs of the Civic Stadium Project, including costs of issuance.

“Civic Stadium Project” means improvements to the Civic Stadium.

“Code” means the Internal Revenue Code of 1986, as amended.

“County” means Multnomah County, Oregon.

“Credit Facility and Related Bond” means the $40,000,000 Portland Civic Stadium Non-Revolving Credit Facility and the related Bond between the City and Bank of America, N.A. dated as of July 26, 2000.

“Debt Manager” means the Debt Manager of the City, the Director of the Bureau of Financial Management of the City, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance.

“DTC” means the Depository Trust Company of New York, the initial securities depository for the Bonds.

“Event of Default” refers to an Event of Default listed in Section 1.G.1 of this Ordinance.

“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.

“IGA” or “Intergovernmental Agreement” means the Visitor Facilities Intergovernmental Agreement between the City, the County and Metro, as it may be amended from time to time.

“Metro” means the Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon.

“Ordinance” means this ordinance, with any amendments or supplements.

“Outstanding” refers to all Bonds except Bonds which have been paid, canceled, or defeased pursuant to Section 1.I. of this Ordinance, and Bonds which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the register maintained by the Paying Agent as the registered owner of a Bond.

"Paying Agent" means the Paying Agent for the Bonds, which, at the time of enactment of this Ordinance, is U.S. Bank Trust National Association or its successor.

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

"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 Ordinance.

"Subordinate Obligations" means obligations issued in compliance with Section 1.D of this Ordinance which are secured by a lien on, and pledge of, the Civic Stadium Payments which is on subordinate to the lien on, and pledge of, the Civic Stadium Payments which secures the Bonds.

"Supplemental Ordinance" means any ordinance amending or supplementing the Ordinance, which is passed in accordance with Section 1.F.

B. Security for Bonds.

1. The City pledges the Civic Stadium Payments to pay the Bonds. Pursuant to ORS 288.594, this pledge shall be valid and binding from the time of the adoption of this Ordinance. The amounts so pledged and hereafter received by the City shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be superior to all other claims and liens whatsoever to the fullest extent permitted by ORS 288.594(2).

2. The City hereby pledges its full faith and credit to pay the Bonds. The Bonds shall be payable from Available General Funds. The City is not authorized to levy additional taxes to pay the Bonds.

3. This Ordinance shall constitute a contract with the Owners of the Bonds.

C. Additional Bonds.

1. The City may issue Additional Bonds for any purpose related to the Civic Stadium, but only if:

   a. No Event of Default under this Ordinance has occurred and is continuing.

   b. The Debt Manager files with the City a certificate reasonably projecting that the Civic Stadium Payments will be sufficient to pay all Outstanding Bonds, with the proposed Additional Bonds treated as Outstanding.

2. The City may issue Additional Bonds to refund Outstanding Bonds without complying with Section 1.C.1 if the refunded Bonds are defeased on the date of delivery of the refunding Additional Bonds and if the Annual Debt Service on the refunding Additional Bonds does not exceed the Annual Debt Service on the refunded Bonds in any Fiscal Year by more than $5,000.

3. All Additional Bonds issued in accordance with this Section 1.C shall have a lien on the Civic Stadium Payments which is equal to the lien of all other Outstanding Bonds.

D. Subordinate Obligations.

The City may issue Subordinate Obligations only if the Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Civic Stadium Payments, which is subordinate to the lien on, and pledge of, the Civic Stadium Payments for the Bonds.

E. General Covenants.

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

1. The City shall promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Ordinance and any Supplemental Ordinance.

2. The City shall not issue any obligations which have a lien or claim on the Civic Stadium Payments which is superior to the lien or claim of the Owners.

F. Amendment of Ordinance.

1. The City may enact a Supplemental Ordinance to amend this Ordinance without the consent of any Owner for any one or more of the following purposes:

   a. To cure any ambiguity or formal defect or omission in this Ordinance;

   b. To add to the covenants and agreements of the City in this Ordinance other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Ordinance as theretofore in effect;

   c. To confirm, as further assurance, any security interest or pledge created under this Ordinance or any Supplemental Ordinance;

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

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

   a. Extends the maturity of any Bonds, reduces the rate of interest on any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on any Bonds, or reduces any premium payable on any Bonds, without the consent of all affected Owners; or

   b. Reduces the percent of Owners required to approve Supplemental Ordinances.

G. Default and Remedies.

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

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

   b. Failure by the City to observe and perform any covenant, condition or agreement which this Ordinance requires the City to observe or perform for the benefit of Owners of 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 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 a; 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 the installment payments.

2. The Owners of ten percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 1.1.

3. If an Event of Default occurs and is continuing the Owners of ten percent or more of the principal amount of affected Bonds then Outstanding may exercise any remedy available at law or in equity; however, the Bonds shall not be subject to acceleration.

4. No remedy in this Ordinance conferred upon or reserved to Owners of 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 Ordinance 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 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 Ordinance or by law.

H. Ownership of Bonds.

1. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Ordinance, the initial purchaser of the Bonds may be treated as the Owner of the Bonds at the time the Bonds are delivered in exchange for payment.

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

I. Defeasance.

The City shall be obligated to pay any Bonds which are defeased in accordance with this Section 1.I. solely from the money and Government Obligations which are deposited in escrow agent pursuant to this Section 1.I. Bonds shall be deemed defeased if the City:

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 Bonds which are to be defeased; and,

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 Bonds when due.

J. Rules of Construction.

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

1. References to Section numbers shall be construed as references to this Ordinance.

2. References to one gender shall include all genders.

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

K. The 2001 Bonds.

1. Authorization. The City hereby authorizes the sale and delivery of the 2001 Bonds in accordance with this Ordinance to finance the Civic Stadium Project, to refinance the Credit Facility and Related Bond, and to pay costs of issuance of the 2001 Bonds. The aggregate principal amount of the 2001 Bonds shall not exceed Thirty-Five Million Dollars ($35,000,000). The 2001 Bonds may be issued in multiple series.

2. Delegation. The Debt Manager may, on behalf of the City:

   a. participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the 2001 Bonds;

   b. provide that the 2001 Bonds may be issued in one or more series, may bear interest at fixed rates or variable rates, and may pay deferred interest;

   c. establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the 2001 Bonds, and either publish a notice of sale, receive bids and award the sale of the 2001 Bonds to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters and negotiate the sale of the 2001 Bonds with those underwriters;

   d. undertake to provide continuing disclosure for the 2001 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;

   e. apply for and purchase municipal bond insurance or other obtain other forms of credit enhancements for each series of the 2001 Bonds or obtain reserve credit facilities or other reserve equivalents for each series of the 2001 Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;

   f. provide that one or more series of the 2001 Bonds may bear interest which is includable in gross income under the Code, provide that one or more series of the 2001 Bonds may be tax exempt, and enter into covenants to maintain the tax exemption for any series of the 2001 Bonds which bear interest which is excludable from gross income under the Code;

   g. appoint and enter into agreements with paying agents, remarketing agents, verification agents and other professionals and service providers; and

   h. execute any documents and take any other action in connection with the 2001 Bonds which the Debt Manager finds will be advantageous to the City.

3. Form. The 2001 Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the Debt Manager. The 2001 Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

4. Book Entry System for 2001 Bonds. The 2001 Bonds shall be initially issued in BEO form and shall be governed by this Section 1.K.4. While 2001 Bonds are in BEO form no physical 2001 Bonds shall be provided to Owners of 2001 Bonds. The Debt Manager has executed and delivered a blanket Letter of Representations to DTC. While the 2001 Bonds are in BEO form, registration and transfer of beneficial interests in the 2001 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 2001 Bonds are in BEO form:

   a. DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of 2001 Bonds. 2001 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 2001 Bonds called for redemption or of any other action premised on such notice.

b. The City may discontinue maintaining the 2001 Bonds in the BEO form at any time. The City shall discontinue maintaining the 2001 Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2001 Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

c. If the City discontinues maintaining the 2001 Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2001 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 1.K.6. below, regarding registration, transfer and exchange of 2001 Bonds shall apply.

d. While the 2001 Bonds are in BEO form, 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 2001 Bonds;

(2) the delivery to any participant or correspondent or any other person of any notice with respect to the 2001 Bonds, including any notice of prepayment;

(3) the selection by DTC of the beneficial interest in 2001 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 2001 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 2001 Bonds.

e. The City shall pay or cause to be paid all principal, premium and interest on the 2001 Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their 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.

f. The provisions of this Section 1.K.4. may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for bonds issued in book-entry only form.

5. Redemption of 2001 Bonds.

a. The 2001 Bonds shall be subject to redemption on the terms established by Debt Manager. The City reserves the right to purchase 2001 Bonds in the open market.

b. If any 2001 Bonds are subject to mandatory redemption, the City may credit against the mandatory redemption requirement any 2001 Bonds of the same maturity which the City has previously purchased or which the City has previously redeemed pursuant to any optional redemption provision.

c. So long as 2001 Bonds are in book-entry only form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC in connection with the issuance of the 2001 Bonds.

d. During any period in which the 2001 Bonds are not in book-entry only form, unless waived by any Owner of the 2001 Bonds to be redeemed, official notice of any redemption of 2001 Bonds 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 postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2001 Bond or Bonds to be redeemed at the address shown on the 2001 Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

(3) if less than all outstanding 2001 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2001 Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such 2001 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 2001 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

6. Authentication, Registration and Transfer.

a. No 2001 Bond shall be entitled to any right or benefit under this Ordinance unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2001 Bonds to be delivered at closing of the 2001 Bonds, and shall additionally authenticate all 2001 Bonds properly surrendered for exchange or transfer pursuant to this Ordinance.

b. The ownership of all 2001 Bonds shall be entered in the 2001 Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2001 Bond register as the owner of the 2001 Bond for all purposes.

c. While the 2001 Bonds are in book-entry only form, the Paying Agent shall transfer 2001 Bond principal and interest payments in the manner required by DTC.

d. If the 2001 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 2001 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.

e. 2001 Bonds may be exchanged for an equal principal amount of 2001 Bonds of the same maturity which are in different denominations, and 2001 Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:

(1) 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

(2) the 2001 Bonds to be exchanged or transferred.

f. The Paying Agent shall not be required to exchange or transfer any 2001 Bonds submitted to it during any period beginning with a Record Date and ending on the next following Payment Date;

however, such 2001 Bonds shall be exchanged or transferred promptly following that Payment Date.

g. The Paying Agent shall note the date of authentication on each 2001 Bond. The date of authentication shall be the date on which the Owner's name is listed on the 2001 Bond register.

h. For purposes of this Section 1.K.6., 2001 Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 1.K.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.

Section 2. Declaration of Emergency. The Council declares that an emergency exists in order that the proceeds of the 2001 Bonds may be available as soon as possible. Therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Exhibit A
Form of 2001 Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington and Clackamas
City of Portland
Limited Tax Revenue Bond
(Civic Stadium Project)
2001 Series D

Dated Date: _____, 2001
Interest Rate Per Annum: «CouponRate»%
Maturity Date: June 1, «MaturityYear»
CUSIP Number: _____«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the 1st day of June and the 1st day of December in each year until maturity or prior redemption, commencing December 1, 2001. 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 Trust National Association, in Portland, Oregon (the "Paying Agent"), as of the close of business on the fifteenth 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 $35,000,000 in principal amount designated as Limited Tax Revenue Bonds (Civic Stadium Project), 2001 (the "Bonds"). The Bonds are issued for the purpose of financing improvements to the Civic Stadium, refinancing the City's Civic Stadium Non-Revolving Credit Facility and the related Bond, and paying costs of issuance. The Bonds are authorized by City Ordinance No. 173652 and No. 174307 and issued under City Ordinance No. _____ (collectively, the "Ordinance") and the Oregon Uniform Revenue Bond Act, 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 obligations of the City. The full faith and credit of the City are pledged for the punctual payment of the principal of and interest on the Bonds. The Bonds are secured by a pledge of the Civic Stadium Payments, as defined and provided in the Ordinance. The City has also covenanted to pay the Bonds from its "Available General Funds" as defined in the Ordinance. The City is not authorized to levy any additional taxes to pay the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. 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 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 Ordinance.

The Bonds shall mature and be subject to redemption as described in the final Official Statement for the Bonds which is dated_____, 2001.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Ordinance. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Paying Agent will notify The Depository Trust Company promptly of any Bonds called for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

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

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, by ordinance duly passed, 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

Vera Katz, Mayor

Gary Blackmer, 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 $ 35,000,000aggregate principal amount of City of Portland, Oregon Limited Tax Revenue Bonds (Civic Stadium Project) , 2001 Series D, issued pursuant to the Ordinance described herein.

Date of Authentication: _____, 2001.

U.S. Bank Trust National Association, as Paying Agent

_____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
_____
(Please insert social security or other identifying number of assignee)
this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated:_____

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

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

Signature Guaranteed
_____
(Bank, Trust Company or Brokerage Firm)

_____
Authorized Officer

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

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

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

APPENDIX B
AUDITED FINANCIAL STATEMENTS

CITY OF PORTLAND, OREGON
1851

CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Vera Katz, Mayor
Timothy Grewe, Director

Bureau of Financial Management
Kenneth L. Rust, Director
1120 S.W. Fifth Avenue, Rm. 1250
Portland, Oregon 97204
(503) 823-5288
FAX (503) 823-5384
TDD 823-6868

March 12, 2001

Honorable Mayor and Council
City of Portland, Oregon
Portland, Oregon

A Balance Sheet and a Statement of Revenues and Expenditures and Changes in Retained Earnings for the General Fund of the City of Portland, Oregon are attached. This financial information is provided for the fiscal years ended June 30, 1996 through June 30, 2000.

An independent examination was conducted by KPMG Peat Marwick LLP for fiscal years 1996 through 2000. These examinations resulted in unqualified opinions, which attests to the fair presentation of such fiscal details. Therefore, it can be concluded that the attached financial statements present fairly the financial position, results of operations, and changes in financial position.

Additionally, the City of Portland has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for fiscal years 1996 through 1999, and has applied for the award for fiscal year 2000. (The City has not yet received notification of a decision by the GFOA for fiscal year 2000.) The Certificate of Achievement is a national award that recognizes conformance with the highest standard for accounting and financial reporting for state and local government. Said award gives added assurance that the information disclosed in the aforementioned statements are appropriate and complete.

Respectfully,

/s/ Lena H. Ellis
City Accounting Manager

CITY OF PORTLAND, OREGON
1851

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

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00 (1)
Revenues					
Taxes	$131,261,621	$140,125,559	$130,301,916	$136,115,333	$199,498,081
Intergovernmental revenues	12,771,482	13,543,038	14,647,660	15,177,024	16,448,048
Licenses and permits	73,643,427	77,440,914	83,776,795	86,724,686	87,788,397
Charges for services	40,027,506	42,893,488	46,776,361	51,107,163	54,877,077
Interest and miscellaneous revenues	10,014,139	10,357,574	10,287,811	12,066,342	10,113,736
Total Revenues	$267,718,175	$284,360,573	$285,790,543	$301,190,548	$368,725,339
Expenditures					
Planning/community development	$6,003,930	$7,417,710	$7,798,084	$8,568,794	$5,183,989
Citizen/community services	8,213,819	8,611,734	9,075,706	11,369,887	12,168,685
Public safety	150,476,687	153,944,795	155,201,807	164,350,530	168,737,273
Support services/legis./administrative	49,305,477	59,268,550	53,049,394	59,887,136	121,708,477
Parks/recreation/cultural	29,302,957	32,422,619	31,709,166	34,772,734	38,655,862
Capital outlay	5,671,108	6,340,024	8,205,853	9,442,832	1,390,020
Total Expenditures	$248,973,978	$268,005,432	$265,040,010	$288,391,913	$347,844,306
Revenues Over (Under) Expenditures	$18,744,197	$16,355,141	$20,750,533	$12,798,635	$20,881,033
Other Financing Sources (Uses)					
Operating transfers in	$7,932,738	$8,416,345	$12,152,289	$14,296,389	$14,570,032
Operating transfers out	(23,717,174)	(17,349,439)	(27,922,952)	(39,812,017)	(38,750,184)
Total Other Sources (Uses)	($15,784,436)	($8,933,094)	($15,770,663)	($25,515,628)	($24,180,152)
Revenues Over (Under) Expenditures and Other Sources (Uses)	$2,959,761	$7,422,047	$4,979,870	($12,716,993)	($3,299,119)
Fund Balance, Beginning of Year	$52,350,037	$55,349,662	$62,772,466	$67,729,991	$55,043,649
Change in inventory	39,832	(13,308)	(22,345)	30,651	(14,019)
Residual equity transfer	32	14,065	--	--	--
Fund Balances, End of Year	$55,349,662	$62,772,466	$67,729,991	$55,043,649	$51,730,511

Notes:

(1) The significant increase in Tax Revenues and Support Services/Legislative/Administrative Expenditures in FY 1999-2000 was due to a change in the accounting treatment of property tax revenues collected for Fire and Police Disability and Retirement ("FPDR") pension benefits. FPDR property tax revenues are now recorded in the General Fund, and then transferred to the FPDR Pension Trust Fund. The transfer is reflected in the Support Services/Legislative/Administrative expenditure category.

Source: Derived from City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON
General Fund
Consecutive Balance Sheets
For Fiscal Year Ending June 30

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00
ASSETS:					
Cash and investments	$61,169,067	$74,078,913	$78,429,699	$64,125,298	$62,436,481
Receivables:					
Property taxes	8,448,859	8,630,468	7,954,768	8,075,460	12,504,788
Accounts, interest and advances	3,776,247	3,115,726	4,066,730	5,126,267	4,223,100
Assessments	2,000	1,000	1,000	1,000	1,000
Internal	3,260,000	--	--	--	--
Contracts	--	--	--	--	--
Due from other funds	2,986,460	2,820,601	4,684,477	4,444,137	5,041,879
Inventories	364,909	351,601	329,256	359,907	345,888
Total Assets	$80,007,542	$88,998,309	$95,465,930	$82,132,069	$84,553,136
LIABILITIES:					
Warrants, accounts payable and accrued liabilities	$4,498,998	$4,718,360	$5,287,408	$5,760,092	$5,229,269
Deferred revenue	19,756,799	21,105,400	22,046,448	20,644,245	22,910,903
Due to other funds	402,083	402,083	402,083	684,083	4,682,453
Total Liabilities	$24,657,880	$26,225,843	$27,735,939	$27,088,420	$32,822,625
FUND BALANCE:					
Reserved for petty cash	$18,880	$18,880	$18,880	$20,880	$20,880
Reserved for inventories	364,909	351,601	329,256	359,907	345,888
Unreserved	54,965,873	62,401,985	67,381,855	54,662,862	51,363,743
Total Fund Balance	$55,349,662	$62,772,466	$67,729,991	$55,043,649	$51,730,511
Total Liabilities and Fund Balance	$80,007,542	$88,998,309	$95,465,930	$82,132,069	$84,553,136

Source: Derived from City of Portland audited annual financial statements.

APPENDIX C
LEGAL OPINIONS

CITY OF PORTLAND OREGON
1851

Preston|Gates|Ellis LLP

May 15, 2001

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

Morgan Stanley DW Inc.
101 California Street, Seventh Floor
San Francisco, CA 94111

Subject: $2,100,000 City of Portland, Oregon Limited Tax Revenue Bonds (PCPA Project), 2001 Series C (Tax Exempt)

We have acted as Bond counsel in connection with the issuance by the City of Portland, in Multnomah, Washington and Clackamas Counties, Oregon (the "City") of its Limited Tax Revenue Bonds (PCPA Project), 2001 Series C (Tax Exempt) (the "Bonds").

The Bonds are issued pursuant to the authority of Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945) and Ordinance No. 175439 of the City adopted on April 4, 2001 (the "Ordinance").

We have examined the law, a duly certified transcript of proceedings of the City, prepared in part by us, relating to the issuance and sale of the Bonds, and other documents which we deem necessary to render this opinion.

We have relied on the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

We have reviewed the official statement only to confirm that the portions of it describing the Bonds, the Ordinance, the authority to issue the Bonds and the treatment of the Bond interest under federal and state tax laws is accurate. We have not reviewed or approved the other representations of law and factual statements contained in the official statement including but not limited to all financial and statistical information and representations.

Based on our examination, we are of the opinion, under existing law, as follows:

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

2. The Bonds are secured by a pledge of the City's full faith and credit and are payable from all legally available funds of the City, as provided in the Ordinance. The Bonds are also secured by the PCPA Payments, as defined in the Ordinance

3. The interest on the Bonds is excluded from gross income for purposes of federal income taxation under Section 103(a) of the Internal Revenue Code of 1986 (the "Code"). We are also of the opinion that the Bonds are not private activity bonds.

4. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, but is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code.

5. The interest on the Bonds is exempt from State of Oregon personal income taxes.

6. The City has not designated the Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.

Under the Code, the City is required to comply with certain requirements relating to the use of the proceeds of the Bonds and the use and investment of the proceeds of the Bonds. The City has covenanted to comply with these requirements and our opinion assumes such compliance. Failure to comply with these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding any federal, state or local tax consequences arising with respect to ownership of the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences.

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

Our 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.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

Lawyers

Preston|Gates|Ellis LLP

May 15, 2001

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

U.S. Bancorp Piper Jaffray
800 Nicollet Mall, 13th Floor
Minneapolis, MN 55402

Subject: $35,000,000 City of Portland, Oregon Limited Tax Revenue Bonds (Civic Stadium Project), 2001 Series D (Federally Taxable)

We have acted as Bond counsel in connection with the issuance by the City of Portland, in Multnomah, Washington and Clackamas Counties, Oregon (the "City") of its Limited Tax Revenue Bonds (Civic Stadium Project), 2001 Series D (Federally Taxable) (the "Bonds").

The Bonds are issued pursuant to the authority of Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945) and Ordinance No. 175440 of the City adopted on April 4, 2001 (the "Ordinance").

We have examined the law, a duly certified transcript of proceedings of the City, prepared in part by us, relating to the issuance and sale of the Bonds, and other documents which we deem necessary to render this opinion.

We have relied on the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

We have reviewed the official statement only to confirm that the portions of it describing the Bonds, the Ordinance, the authority to issue the Bonds and the treatment of the Bond interest under federal and state tax laws is accurate. We have not reviewed or approved the other representations of law and factual statements contained in the official statement including but not limited to all financial and statistical information and representations.

Based on our examination, we are of the opinion, under existing law, as follows:

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

2. The Bonds are secured by a pledge of the City's full faith and credit and are payable from all legally available funds of the City, as provided in the Ordinance. The Bonds are also secured by the Payments, as defined in the Ordinance

3. The Bonds are not obligations described in Section 103(a) of the Internal Revenue Code of 1986 (the "Code") and, accordingly, interest on the Bonds is not excludable from gross income under Section 103(a) of the Code.

4. The interest on the Bonds is exempt from State of Oregon personal income taxes.

Except as stated herein, we express no opinion regarding any federal, state or local tax consequences arising with respect to ownership of the Bonds.

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

Our 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.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

Lawyers

APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON

1851

CONTINUING DISCLOSURE CERTIFICATE

$2,100,000 **City of Portland, Oregon** **Limited Tax Revenue Bonds** **(PCPA Project)** **2001 Series C (Tax Exempt)**	**$35,000,000** **City of Portland, Oregon** **Limited Tax Revenue Bonds** **(Civic Stadium Project)** **2001 Series D (Federally Taxable)**

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 Limited Tax Revenue Bonds (PCPA Project), 2001 Series C (Tax Exempt) (the "2001 Series C Bonds") and the City's Limited Tax Revenue Bonds (Civic Stadium Project) 2001 Series D (Federally Taxable) (the "2001 Series D Bonds") (collectively, the "2001 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 2001 Bonds in complying with paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12), (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 2001 Bonds, including persons holding 2001 Bonds through nominees or depositories.

"Bondowners" means the registered owners of the 2001 Bonds, as shown on the bond register maintained by the Paying Agent for the 2001 Bonds, and any Beneficial Owners.

"Commission" means the Securities and Exchange Commission.

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

"NRMSIR" means a nationally recognized municipal securities information repository.

"Official Statement" means the final official statement for the 2001 Bonds dated May 2, 2001.

"Rule" means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

"SID" means a state information depository for the State of Oregon (if one is created).

Section 3. Financial Information. The City agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the current fiscal year (no later than nine months after the end of that fiscal year beginning with fiscal year ended June 30, 2001):

A. The City's current 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 for the Bonds under the heading "Annual Disclosure Information."

The information described in paragraphs A and B, above, 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 each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIR, the SID or to the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, notice of its failure to provide the annual financial information described in this Section 3 on or prior to the date set forth in the preceding paragraph.

Section 4. Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the 2001 Bonds, if material:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

6. Adverse tax opinions or events affecting the tax-exempt status of the 2001 Series C Bonds;

7. Modifications to the rights of holders of the 2001 Bonds;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the 2001 Bonds; and

11. Rating changes.

Section 5. Termination/Modification. The City's obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2001 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 such provision, are invalid, have been repealed retroactively or otherwise do not apply to the 2001 Bonds; and (b) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this Certificate.

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Section 3 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 2001 Bonds, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original

issuance of the 2001 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

Section 7. 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 2001 Bonds hereunder. 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 Ordinance authorizing issuance of the 2001 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 8. 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 15th day of May, 2001.

City of Portland, Oregon

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Eric H. Johansen, Debt Manager

CITY OF PORTLAND OREGON
1851

APPENDIX E
BOND INSURANCE POLICY –
MBIA INSURANCE CORPORATION

CITY OF PORTLAND, OREGON

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APPENDIX F
BOOK-ENTRY SYSTEM

CITY OF PORTLAND OREGON

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BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2001 Bonds. The 2001 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered bond certificate will be issued for each maturity of the 2001 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2001 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2001 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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, but Beneficial Owners are 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 2001 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2001 Bonds, except in the event that use of the book-entry system for the 2001 Bonds is discontinued.

To facilitate subsequent transfers, all 2001 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 2001 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2001 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. 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. Redemption notices shall be sent to Cede & Co. If less than all of the 2001 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2001 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 the 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2001 Bonds 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 the City on the 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, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2001 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

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

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