OFFICIAL STATEMENT DATED SEPTEMBER 9, 2015

NEW ISSUE — BOOK-ENTRY-ONLY

RATINGS: (See "RATINGS" herein)
MOODY'S: Aaa
S&P: AAA

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel ("Bond Counsel") to the Tri-County Metropolitan Transportation District of Oregon ("TriMet"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2015 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Bond Counsel expresses no opinion on the extent to which interest on the Series 2015B Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations; however, interest on the Series 2015A Bonds is so included. In the opinion of Bond Counsel, interest on the Series 2015 Bonds is exempt from Oregon personal income tax under existing law. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

$134,590,000
TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

$71,885,000 SENIOR LIEN PAYROLL TAX REVENUE BONDS SERIES 2015A	$62,705,000 SENIOR LIEN PAYROLL TAX REVENUE REFUNDING BONDS SERIES 2015B

DATED: Date of Delivery | **DUE: September 1, as shown on inside cover**

This Official Statement describes the Tri-County Metropolitan Transportation District of Oregon ("TriMet") and its $71,885,000 aggregate principal amount Senior Lien Payroll Tax Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and the $62,705,000 aggregate principal amount Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 Bonds are payable from, and secured by a pledge of and a first lien on, the Trust Estate, which includes payroll and self-employment taxes imposed by TriMet and collected by the Oregon Department of Revenue and State payments in-lieu of taxes assessed, collected and distributed by the Oregon Department of Administrative Services.

The Series 2015 Bonds are being issued on a parity with TriMet's outstanding Senior Lien Payroll Tax Bonds pursuant to a Trust Indenture dated as of April 1, 2001, as amended and supplemented, between TriMet and The Bank of New York Mellon Trust Company, N.A., as Trustee (i) to pay costs of transit-related capital projects, (ii) to refund certain outstanding Senior Lien Bonds, and (iii) to pay costs of issuing the Series 2015 Bonds.

Interest on the Series 2015 Bonds from the date of their delivery is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2016. The Series 2015 Bonds are subject to redemption prior to maturity as described herein.

The Series 2015 Bonds are being issued as fully registered bonds, registered initially in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Series 2015 Bonds will be made in book-entry form in denominations of $5,000 and integral multiples thereof. Purchasers of Series 2015 Bonds will not receive certificates representing their interests in the Series 2015 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2015 Bonds, payments of principal and interest on the Series 2015 Bonds will be made directly to DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of the Direct Participants and the Indirect Participants as described herein.

The Series 2015 Bonds are offered when, as and if issued and delivered by TriMet and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and subject to receipt of the final approving opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel to TriMet. Certain legal matters will be passed upon for the TriMet by Shelley Devine, General Counsel to TriMet, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLP, Portland, Oregon. The Series 2015 Bonds are expected to be available for delivery through the facilities of DTC in New York, New York, on or about September 30, 2015.

JP Morgan

Citigroup **Morgan Stanley**

$71,885,000
TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON
SENIOR LIEN PAYROLL TAX REVENUE BONDS
SERIES 2015A

Due (September 1)	Principal Amount	Interest Rate	Yield	CUSIP† (89546R)
2016	$1,635,000	3.000%	0.200%	KQ6
2017	1,680,000	3.000	0.660	KR4
2018	1,740,000	4.000	0.950	KS2
2019	1,825,000	5.000	1.230	KT0
2020	1,895,000	3.000	1.490	KU7
2021	1,965,000	4.000	1.780	KV5
2022	510,000	4.000	1.970	KW3
2022	1,540,000	5.000	1.970	LM4
2023	2,170,000	2.250	2.140	KX1
2024	400,000	4.000	2.280	KY9
2024	1,805,000	5.000	2.280	LN2
2025	2,315,000	5.000	2.400	KZ6
2026	2,435,000	5.000	2.530(1)	LA0
2027	2,560,000	5.000	2.630(1)	LB8
2028	2,690,000	5.000	2.720(1)	LC6
2029	2,825,000	5.000	2.810(1)	LD4
2030	2,970,000	5.000	2.890(1)	LE2
2031	3,125,000	5.000	2.960(1)	LF9
2032	3,285,000	5.000	3.010(1)	LG7
2033	3,455,000	5.000	3.060(1)	LH5
2034	3,630,000	5.000	3.100(1)	LJ1

$19,430,000 4.00% Term Bonds due September 1, 2040, Priced to Yield 3.770%(1)
CUSIP† Number 89546R LK8

$6,000,000 5.00% Term Bonds due September 1, 2040, Priced to Yield 3.290%(1)
CUSIP† Number 89546R LL6

(1) Priced to the call date of September 1, 2025.

$62,705,000
TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON
SENIOR LIEN PAYROLL TAX REVENUE REFUNDING BONDS
SERIES 2015B

Due (September 1)	Principal Amount	Interest Rate	Yield	CUSIP† (89546R)
2016	$4,015,000	3.000%	0.200%	LP7
2017	5,575,000	4.000	0.660	LQ5
2018	5,825,000	5.000	0.950	LR3
2019	1,520,000	2.000	1.230	LS1
2020	225,000	4.000	1.490	LT9
2020	2,995,000	5.000	1.490	MF8
2021	3,390,000	5.000	1.780	LU6
2022	3,550,000	5.000	1.970	LV4
2023	3,730,000	5.000	2.140	LW2
2024	3,920,000	5.000	2.280	LX0
2025	4,115,000	5.000	2.400	LY8
2026	4,325,000	5.000	2.530(1)	LZ5
2027	4,540,000	5.000	2.630(1)	MA9
2028	4,770,000	5.000	2.720(1)	MB7
2029	5,010,000	5.000	2.810(1)	MC5
2030	2,545,000	5.000	2.890(1)	MD3
2031	1,620,000	3.125	3.460	ME1
2031	1,035,000	5.000	2.960(1)	MG6

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of TriMet, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

(1) Priced to the call date of September 1, 2025.


TRIMET
Service Area
Columbia River
Willamette River
Portland
Forest Grove
Hillsboro
Beaverton
Fairview
Troutdale
Gresham
Milwaukie
Tigard
Lake Oswego
Tualatin
West Linn
Oregon City
Estacada

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

BOARD OF DIRECTORS

Bruce Warner, Board President, District 1: Washington County
Joe Esmonde, District 2: N, NW and portions of SW Portland
Shelley Martin, District 3: SW Portland
Lori Irish Bauman, District 4: SE Portland
Dr. T. Allen Bethel, Board Vice President, District 5: N and NE Portland
Travis Stovall, District 6: E. Multnomah County
Craig Prosser, District 7: Clackamas County

DISTRICT OFFICIALS

Neil McFarlane, General Manager
Shelley Devine, J.D., General Counsel
Dan Blocher, Executive Director, Capital Projects
Dee Brookshire, Executive Director of Finance & Administration
Lori Baker, Director, Financial Services
Nancy Young, Director, Budgets and Grants

BOND COUNSEL

Hawkins Delafield & Wood LLP
Portland, Oregon

FINANCIAL ADVISOR

Ross Financial
San Francisco, California

TRUSTEE, PAYING AGENT AND REGISTRAR

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

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No dealer, broker, salesperson or other person has been authorized by TriMet to give any information or to make any representations, other than as 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 TriMet. The information and expressions of opinion stated 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 TriMet or DTC since the date hereof.

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

No website mentioned in this Official Statement is intended to be part of this Official Statement, and investors should not rely upon any other information presented on any such website in determining whether to purchase the Series 2015 Bonds. Inactive textual references to any TriMet website are not hyperlinks and do not incorporate such websites by reference.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series 2015 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2015 Bonds to the public. The Underwriters may offer and sell the Series 2015 Bonds to certain dealers (including dealers depositing the Series 2015 Bonds to investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The Underwriters may change the public offering prices from time to time without prior notice.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, DO NOT REFLECT HISTORICAL FACTS BUT ARE FORECASTS AND "FORWARD LOOKING STATEMENTS." NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, WORDS SUCH AS "ESTIMATE," "FORECAST," "ANTICIPATE," "EXPECT," "INTEND," "PLAN," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS AND OTHER FORWARD LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

Relating to

$71,885,000 **SENIOR LIEN PAYROLL TAX** **REVENUE BONDS** **SERIES 2015A**	**$62,705,000** **SENIOR LIEN PAYROLL TAX REVENUE** **REFUNDING BONDS** **SERIES 2015B**

INTRODUCTION

This Official Statement, including the cover page, inside cover page, table of contents and appendices, sets forth certain information regarding the Tri-County Metropolitan Transportation District of Oregon ("TriMet") and its $71,885,000 aggregate principal amount Senior Lien Payroll Tax Revenue Bonds, Series 2015A (the "Series 2015A Bonds") and the $62,705,000 aggregate principal amount Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the Series 2015A Bonds, the "Series 2015 Bonds").

Authorization for the Series 2015 Bonds

The Series 2015 Bonds are being issued under and pursuant to Oregon Revised Statutes ("ORS") 287A.150, 287A.360 to 287A.380, and the other applicable provisions of ORS Chapter 287A, ORS Chapter 267 and related provisions of the laws of the State of Oregon (the "State"), and pursuant to Resolution 15-06-37 adopted by TriMet's Board of Directors (the "Board") on June 24, 2015. The Series 2015 Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2001, as amended and supplemented, including amendments and supplements made by a Sixth Supplemental Trust Indenture, to be dated as of delivery date of the Series 2015 Bonds (the "Sixth Supplemental Indenture"). The Trust Indenture, as amended and supplemented (the "Indenture") is between TriMet and The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee").

Capitalized terms used in this Official Statement and not otherwise defined herein have the respective meanings assigned thereto in the Indenture, a summary of which is included in Appendix F.

TriMet

TriMet is a municipal corporation established in 1969 under State law, particularly ORS Chapter 267, to provide public transportation in the Portland, Oregon metropolitan area. TriMet's service area covers 533 square miles within Multnomah, Washington and Clackamas counties. TriMet provides transit service to the Portland, Oregon metropolitan area through its integrated mass transit system of bus service, commuter rail and light rail. The purpose of TriMet's transit programs is to provide mass transit alternatives to the use of the automobile, to reduce air pollution, to relieve traffic congestion and to provide transportation services to the region's residents and employees, including seniors and persons with disabilities, as well as persons dependent on transit. See APPENDIX A—"TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON."

Purpose of the Series 2015 Bonds

The Series 2015 Bonds are being issued (i) to pay costs of transit-related capital projects, (ii) to refund certain outstanding Senior Lien Bonds, and (iii) to pay costs of issuing the Series 2015 Bonds. See "PLAN OF FINANCING."

Security and Sources of Payment for the Series 2015 Bonds

The Series 2015 Bonds and all other Senior Lien Bonds issued under the Indenture are payable from and secured by a pledge of and first lien on the Trust Estate, which includes the Specified Tax Revenues described herein and the moneys and investments (including investment earnings) on deposit in the debt service account created in the Indenture (the "Debt Service Account"). Specified Tax Revenues consist of payroll taxes and self-employment taxes assessed by TriMet and payments received from the State of Oregon in-lieu of taxes on State payrolls ("State in-lieu payments"). The Indenture provides that the Specified Tax Revenues are paid directly to the Trustee by the State of Oregon. Approximately $291 million of Specified Tax Revenues were collected during the fiscal year ("FY") ended June 30, 2015. Under the Indenture, the Series 2015 Bonds are also payable from any lawfully available funds of TriMet if the Trustee does not have sufficient amounts in the Debt Service Account to make Senior Lien Bond payments when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS" and "SPECIFIED TAX REVENUE COLLECTIONS—Collection of Specified Tax Revenues."

The Series 2015 Bonds are being issued as "Additional Bonds" under the Indenture, on a parity with TriMet's Series 2005 Bonds, Series 2007 Bonds, Series 2009 Bonds, and Series 2012 Bonds expected to be outstanding in the aggregate principal amount of $175,435,000 as of September 2, 2015. A portion of these outstanding Senior Lien Bonds is expected to be refunded with the Series 2015B Bonds. The outstanding Bonds, together with the Series 2015 Bonds and any Additional Bonds, Completion Bonds or Refunding Bonds that may be issued in the future under the Indenture, are referred to in this Official Statement as the "Senior Lien Bonds." As described below, before issuing the Series 2015A Bonds or any other Additional Bonds that are not Completion Bonds or Refunding Bonds, TriMet must, among other things, deliver to the Trustee a report from a Qualified Consultant certifying that Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the date of issuance of the Additional Bonds, after adjustment as permitted by the Indenture, are at least four times the maximum Annual Debt Service for the Outstanding Bonds, including any parity Derivative Products and the Additional Bonds being issued. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS—Additional Senior Lien Bonds" and APPENDIX F—"SUMMARY OF THE INDENTURE—Conditions Precedent to Issuance of Additional Bonds."

Continuing Disclosure

TriMet is covenanting for the benefit of the holders and beneficial owners of the Series 2015 Bonds to provide certain financial information and operating data and to give notices of certain events, if material, to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "CONTINUING DISCLOSURE" below and APPENDIX D—"FORM OF CONTINUING DISCLOSURE UNDERTAKING."

DESCRIPTION OF THE SERIES 2015 BONDS

General

When issued, the Series 2015 Bonds will be dated the date of their delivery, will bear interest at the rates per annum and will mature, subject to prior redemption, on September 1 of the years and in the aggregate principal amounts, set forth on the inside cover page of this Official Statement. Interest on the Series 2015 Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2016, until maturity or prior redemption. Interest on the Series 2015 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

The Series 2015 Bonds are being issued in fully registered form in denominations of $5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC is to act as securities depository for the Series 2015 Bonds. Individual purchases may be made only in book-entry form, and purchasers will not receive certificates representing their interest in the Series 2015 Bonds purchased. Except as provided in the Indenture, so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Series 2015 Bonds, as nominee of DTC, references herein to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. and not the Beneficial Owners of the Series 2015 Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Series 2015 Bonds.

So long as Cede & Co. is the Registered Owner of the Series 2015 Bonds, the principal of and interest on the Series 2015 Bonds are payable by wire transfer to Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX E—"INFORMATION ABOUT DTC AND ITS BOOK–ENTRY–ONLY SYSTEM."

So long as the Series 2015 Bonds are subject to the Book-Entry System with DTC, they may be exchanged and transferred only in accordance with the rules, regulations and practices of DTC. During any period in which the Series 2015 Bonds are not subject to the Book-Entry System, the exchange and transfer of Series 2015 Bonds will be permitted as set forth in the Indenture.

Redemption of Series 2015 Bonds

Optional Redemption of Series 2015 Bonds. The Series 2015 Bonds maturing on or after September 1, 2026 are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2025, in any order of maturity and by lot within a maturity, at a redemption price equal to 100 percent of the principal thereof, plus accrued interest thereon to the date fixed for redemption.

Mandatory Redemption of Series 2015A Bonds. The Series 2015A Bonds maturing on September 1, 2040 (with an interest rate of 4.000%), if not earlier optionally redeemed or purchased in accordance with the Indenture, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest to the date fixed for redemption, by lot in the principal amounts and on the dates shown in the following schedule:

Series 2015A Bonds Due September 1, 2040
(At 4.000% Interest Rate)

Redemption Date (September 1)	Principal Amount
2035	$2,800,000
2036	2,965,000
2037	3,140,000
2038	3,320,000
2039	3,505,000
2040†	3,700,000

†Final Maturity.

The Series 2015A Bonds maturing on September 1, 2040 (with an interest rate of 5.000%), if not earlier optionally redeemed or purchased in accordance with the Indenture, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest to the date fixed for redemption, by lot in the principal amounts and on the dates shown in the following schedule:

Series 2015A Bonds Due September 1, 2040
(At 5.000% Interest Rate)

Redemption Date (September 1)	Principal Amount
2035	$1,000,000
2036	1,000,000
2037	1,000,000
2038	1,000,000
2039	1,000,000
2040†	1,000,000

†Final Maturity.

Selection for Redemption of Series 2015 Bonds. If fewer than all of the Outstanding Series 2015 Bonds within a maturity are to be redeemed prior to maturity, the Series 2015 Bonds to be redeemed shall be selected randomly in accordance with DTC's operating procedures (and by the Trustee in accordance with the Indenture if the Series 2015 Bonds are no longer in book-entry form).

Notice of Redemption

While the Series 2015 Bonds are in book-entry form the Trustee is required to give DTC notice of redemption not less than twenty (20) days prior to the date fixed for redemption.

Conditional Notice of Redemption

Notices of optional redemption may state that the optional redemption is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Series 2015 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and the Indenture provides that any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. The Indenture requires notice of such rescission or of the failure of any such condition to be given by the Trustee to affected Owners of Series 2015 Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Effect of Notice of Redemption

The Indenture provides that official notice of redemption having been given (other than conditional notices of optional redemption as described above), the Series 2015 Bonds or portions of Series 2015 Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless TriMet fails to pay the redemption price) such Series 2015 Bonds or portions of such Bonds shall cease to bear interest.

Defeasance

The Indenture permits the defeasance of the Series 2015 Bonds. See "TAX MATTERS" below and APPENDIX F—"SUMMARY OF THE INDENTURE—Defeasance."

SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS

The Specified Tax Revenues and the Trust Estate

In the Indenture, TriMet has pledged as security for the payment of the principal of, premium, if any, and interest on the Senior Lien Bonds: (a) the "Specified Tax Revenues," described below, (b) the moneys and investments (including investment earnings) on deposit from time to time in the Debt Service Account, (c) any Credit Facility given as security for the payment of any amounts owing under or with respect to any specific series of Bonds together with all moneys drawn or paid thereunder, subject to certain conditions specified in the Indenture, and (d) such other properties and assets and interest in properties and assets as may be pledged to the payment of the Bonds pursuant to any Supplemental Indenture (collectively, the "Trust Estate"). The lien of this pledge is superior to all other liens on the Trust Estate. See APPENDIX F—"SUMMARY OF THE INDENTURE—Pledge of Trust Estate."

The Series 2015 Bonds are secured by the Specified Tax Revenues and amounts in the Debt Service Account, but are not currently secured by any Credit Facility or other properties or assets.

The "Specified Tax Revenues" pledged as part of the Trust Estate to the payment of the Outstanding Bonds are comprised of TriMet's payroll taxes, self-employment taxes, and State in-lieu payments. See "THE SPECIFIED TAX REVENUES."

The Indenture provides that the Series 2015 Bonds are also payable from any lawfully available funds of TriMet if the Trustee does not have sufficient amounts in the Debt Service Account to make Senior Lien Bond payments when due. See "—Collection and Application of Revenues" and APPENDIX F—"SUMMARY OF THE INDENTURE."

Covenants With Respect to Specified Tax Revenues

In the Indenture, TriMet covenants that it will, to the extent permitted by law, impose and collect the payroll and self-employment taxes and collect the State in-lieu payments in amounts sufficient to pay Senior Lien Bonds and TriMet's other obligations. The employer payroll tax and self-employed tax, since their inception, have been administered by the Oregon Department of Revenue under contract with TriMet. State in-lieu payments are assessed by the Oregon Department of Administrative Services in accordance with ORS 291.405. The Indenture also restricts TriMet's ability to reduce the Specified Taxes. See APPENDIX F—"SUMMARY OF THE INDENTURE—Financial and Related Covenants—Tax Reductions and Substitute Taxes."

Collection and Application of Revenues

The Specified Tax Revenues are collected for TriMet by the State of Oregon, which deposits the Specified Tax Revenues directly into the Revenue Fund held by the Trustee under the Indenture. The Revenue Fund is currently an account of the Trustee in the Oregon Short Term Fund (the "Trustee OSTF Account"). The Trustee makes required weekly deposits to the Debt Service Account as described in the paragraph below. For more information on the collection of Specified Tax Revenues, see "SPECIFIED TAX REVENUE COLLECTIONS—Collection of Specified Tax Revenues."

On the last Business Day of each week (a "Settlement Date") the Indenture requires the Trustee to make substantially equal transfers of Specified Tax Revenues from the Revenue Fund to the Debt Service Account for each Series of Bonds, so that an amount sufficient to make each Bond principal and interest payment will be transferred to the Debt Service Account on the fourth Settlement Date before each Bond principal and interest payment date.

Specified Tax Revenues held by the Trustee on each Settlement Date that exceed the required transfers to the Debt Service Account (the "Excess") may be deposited in the interest account for the 2013 FFGA Bonds, described below, before being remitted to TriMet. Upon remittance of the Excess by the Trustee to TriMet, the Excess shall no longer be subject to the lien and pledge of the Indenture but shall be unrestricted and unencumbered funds of TriMet which may be used and applied by TriMet for any lawful purpose.

On the seventh day before a Senior Lien Bond principal or interest payment date, if the Trustee does not have sufficient amounts in the Debt Service Account to make the Senior Lien Bond payments that are due on that payment date, the Trustee is required to notify TriMet, and TriMet is required to pay the deficiency to the Trustee from any lawfully available funds of TriMet. For more information on the deposits and transfers to and from the Revenue Fund and Debt Service Account, see APPENDIX F—"SUMMARY OF THE INDENTURE—Revenue Fund and Accounts; Deposits to and Application of Revenue Fund."

Additional Senior Lien Bonds

The Indenture permits TriMet to issue Additional Bonds, Completion Bonds and Refunding Bonds, as defined in the Indenture, and, among other conditions, requires that TriMet obtain a report from a Qualified Consultant certifying that Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the issuance of such additional Bonds and adjusted as permitted by the Indenture, are at least four times the maximum Annual Debt Service for the Outstanding Bonds, including any Derivative Products and the additional Bonds then to be issued. "Annual Debt Service" includes debt service on Outstanding Bonds, parity Derivative Products, and the proposed Additional Bonds. TriMet may convert variable rate Bonds to fixed rates, and issue certain Completion Bonds and Refunding Bonds without obtaining this report. See APPENDIX F—"SUMMARY OF THE INDENTURE—Completion Bonds" and "—Refunding Bonds."

Subordinate Debt

The Indenture permits TriMet to incur indebtedness or issue bonds, notes, warrants or similar obligations that are secured by a pledge of all or any part of the Specified Tax Revenues that is subordinate to the pledge securing the Senior Lien Bonds.

TriMet's only obligation secured by a subordinate pledge of Specified Tax Revenues is its $325,000,000 of its Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 (the "2013 FFGA Bonds").

The 2013 FFGA Bonds and any parity bonds (collectively the "FFGA Bonds") are payable from all legally available funds of TriMet, and are secured by: (i) a first lien on amounts received by TriMet under a full funding grant agreement (the "FFGA") between TriMet and the Federal Transit Administration for the Portland-Milwaukie light rail line (the "PMLR"); and (ii) a second lien on the Specified Tax Revenues. The 2013 FFGA Bond documents obligate the Trustee to set aside Excess Specified Tax Revenues to pay the interest on the 2013 FFGA Bonds after the Trustee sets aside Specified Tax Revenues to pay Senior Lien Bonds, and before the Trustee sends any remaining Excess Specified Tax Revenues to TriMet.

TriMet has been receiving payments under the FFGA, and expects to pay principal of the 2013 FFGA Bonds, which have annual principal payments beginning November 1, 2016, from amounts TriMet receives under the FFGA. See "CERTAIN INVESTMENT CONSIDERATIONS—Federal Funding." TriMet has paid interest on the FFGA Bonds from the Excess of Specified Tax Revenues.

TriMet does not currently have plans to issue additional subordinate obligations. See "DEBT INFORMATION—Future Debt Plans" and APPENDIX F—"SUMMARY OF THE INDENTURE—Short Term Debt, Subordinated Debt and Other Issuer Obligations."

Derivative Products

The Indenture permits TriMet to enter into Derivative Products payable from the Specified Tax Revenues on parity with Senior Lien Bonds. TriMet has not entered into any Derivative Products secured by a lien under the Indenture and has no current plans to do so. The use of Derivative Products is not addressed by TriMet's current debt management policy, and under Oregon law, the TriMet Board is required to approve a derivative policy prior to TriMet entering into such agreements.

Events of Default and Remedies

The Indenture specifies a number of Events of Default and remedies and under certain circumstances the Trustee is permitted or required to declare the principal of and accrued interest on all Senior Lien Bonds to be immediately due and payable, subject to certain cure rights of TriMet and certain other conditions. See APPENDIX F—"SUMMARY OF THE INDENTURE—Events of Default."

THE SPECIFIED TAX REVENUES

TriMet has pledged its Specified Tax Revenues to pay the Bonds. The Specified Tax Revenues consist of TriMet's payroll taxes received from certain employers within the district boundaries of TriMet ("payroll taxes") and self-employment taxes ("self-employment taxes"), both assessed pursuant to ORS 267.380 and 267.385, and State in-lieu payments received pursuant to ORS 291.405 to 291.407. The Specified Tax Revenues also include any Substitute Tax and any additional revenues TriMet may subsequently pledge to secure Senior Lien Bonds. See APPENDIX F—"SUMMARY OF THE INDENTURE—Financial and Related Covenants—Tax Reductions and Substitute Taxes" and the definitions of "Specified Tax Revenues" and "Substitute Tax" therein. TriMet does not now impose any Substitute Tax and has no current plans to impose any Substitute Tax. TriMet has no current plans to pledge additional revenues.

Specified Tax Revenues are TriMet's largest source of revenue and are used to pay operating expenses, to make capital expenditures, and to make debt service payments.

Revenue Sources

The payroll taxes and self-employment taxes are currently imposed directly on any resident or non-resident employer or any self-employed individual performing services within the TriMet service district. The tax is calculated on the amount of gross payroll or self-employment income paid for services performed within the TriMet service district. Certain businesses are exempt from payroll taxes and self-employment taxes, including, for example, federal credit unions, insurance companies, public school districts, 501(c)(3) entities (except hospitals), religious organizations such as churches, truck drivers (non-resident long-haul drivers), domestic household employers and seasonal agricultural workers. See "SPECIFIED TAX REVENUE COLLECTIONS—Collection of Specified Tax Revenues" for a description of how these taxes are collected.

Payroll Taxes and Self-Employment Taxes. Under Oregon law, TriMet needs statutory authorization from the Oregon Legislative Assembly (the "Legislative Assembly") to increase payroll tax and self-employment tax rates. TriMet has statutory authority to increase the existing rate of payroll taxes and self-employment taxes to compensate for withdrawal of unincorporated areas and small cities from TriMet. See "THE SPECIFIED TAX REVENUES—Revenue Impacts of Withdrawal from TriMet."

In 2003, the Legislative Assembly gave the TriMet Board the authority to increase the rate for payroll and self-employment taxes by 1/10th of one percent (from .6218 percent to .7218 percent) over a ten year period, in addition to any increases resulting from withdrawals. In 2004, the TriMet Board used that authority to approve ten annual rate increases 1/100th of one percent each. The first increase was effective on January 1, 2005, and the last increase took effect on January 1, 2014. The rate for payroll and self-employment taxes is now 0.7237 percent.

In 2009, the Legislative Assembly gave the TriMet Board the authority to increase the rate for payroll and self-employment taxes by an additional 1/10th of a percent, in addition to any increases resulting from withdrawals (the "2009 Rate Authority"). That legislation requires that the additional increases be phased in over ten years, prohibits any annual increase from exceeding .02 percent, and requires the TriMet Board to find, before implementing any additional increase, that the economy in the TriMet district has recovered to an extent sufficient to warrant the increase in tax. Although the TriMet Board has not approved any increase authorized under the 2009 Rate Authority, it is considering approval of the full increase of 1/10th of a percent over ten years. The first reading of the new increase was held on August 12, 2015 and TriMet expects a second reading in September at which time the Board will consider approving the increase.

State In-Lieu Payments. Under ORS 291.405, the Oregon Department of Administrative Services is permitted to assess State agencies and to provide moneys from such assessments to mass transit districts as reimbursement for the benefit the State receives from such transit districts. The rate of assessment is limited to 0.6 percent of the total wages paid to State employees for performing services within the boundaries of the transit district. State in-lieu payments are not subject to the rate increases described above. The State in-lieu payments have been made every year since FY 1983. If the State stops making State in-lieu payments, current statutes authorize TriMet to impose payroll taxes directly on the State. See "SPECIFIED TAX REVENUE COLLECTIONS—Collection of Specified Tax Revenues."

The historical payroll and self-employment tax revenues and historic State in-lieu payments, are shown in Table 1. See "SPECIFIED TAX REVENUE COLLECTIONS—Historical Specified Tax Revenues" and "Table 1—Historical Payroll, Self-Employment and State in-lieu Tax Revenues."

Revenue Impacts of Withdrawal From TriMet

TriMet collects the employer payroll, self-employment, and State in-lieu payments only from employers and self-employed persons within its boundaries. ORS 267.205 and ORS 267.207 define the district boundaries of TriMet. State law permits TriMet to increase its base tax rate automatically if territory from within TriMet's district boundaries is withdrawn, and TriMet has done so in the past, as described below.

Under Oregon law, small cities with a population of less than 10,000 and unincorporated areas, but not large cities such as Portland, may withdraw from TriMet. ORS 267.253 provides that a petition for withdrawal from TriMet may be filed only during the period from January 1 to August 30 in every fifth calendar year. The next opportunity to file a petition to withdraw is in 2016. Withdrawal petitions under ORS 267.253 must be signed by at least 15 percent of the registered voters in the affected area. Such withdrawal petitions are not automatically approved. Following public hearing and completion of a study by TriMet, the TriMet Board may deny or approve the petition. The Board's decision is subject to judicial review.

If territory is withdrawn from the TriMet district boundaries, the withdrawal may reduce the amount of wages that are subject to the payroll taxes, the amount of income from self-employment that is subject to the self-employment taxes and the amount of State in-lieu payments received by TriMet if State offices are located within the area that is withdrawn. State law currently provides that if an area withdraws from TriMet, the lost revenue will be recaptured by an automatic increase in the rates for payroll taxes and self-employment taxes to a rate that is calculated to produce the same revenues that TriMet would have received if the withdrawal had not occurred, based upon collections in the year before the withdrawal. Such increases are in addition to established limitations on rate increases established by the Legislative Assembly. If any area that is receiving service withdraws from TriMet, the service is withdrawn when the boundary change becomes effective. Alternatively, the area that withdraws may elect to pay TriMet to continue service.

The most recent withdrawal of territory from TriMet occurred on January 1, 2013. At that time, the Boring area, which is a suburban community located approximately 22 miles southeast of downtown Portland, withdrew from the TriMet district and TriMet increased its payroll and self-employment tax rate .001905 percent ($0.019 per $1,000) effective that same date. TriMet expects that if further withdrawals occur, they will not have a material impact on TriMet's ability to pay its obligations secured by the Specified Tax Revenues, including the Series 2015 Bonds, when due. See "SPECIFIED TAX REVENUE COLLECTIONS—Historical Specified Tax Revenues" and "Table 1—Historical Payroll, Self-Employment and State in-lieu Tax Revenues."

Collection of Specified Tax Revenues

The employer payroll tax and self-employment tax, since their inception, have been administered by the Oregon Department of Revenue (the "DOR") under contract with TriMet. The DOR is responsible for all aspects of collection, except boundary-related issues. DOR's responsibilities include, but are not limited to, form and instruction preparation, payment processing, record keeping, taxpayer inquiries and compliance audits. The employer payroll tax is calculated on the amount of gross payroll and the self-employment tax is calculated on income paid for services performed within the TriMet district boundaries. For most employers, the payroll tax is paid with their quarterly State income tax withholding payments. The self-employment tax is due annually and is reported separately from State income tax. The majority of self-employment taxes are due on April 15.

When collections of the payroll and self-employment taxes reach $10,000 after the deduction of DOR actual administrative costs, the balance is deposited in the Trustee OSTF Account. In 2013 and 2014, administrative costs amounted to slightly less than 0.65 percent of total collected.

State in-lieu of tax payments are assessed by the Oregon Department of Administrative Services in accordance with ORS 291.405. The Oregon Department of Administrative Services ("DAS") pays any moneys it receives under ORS 291.405 to the State Treasurer for deposit in the Mass Transit Assistance Account (the "MTA Account"). The moneys in the MTA Account are continuously appropriated to DAS. At the end of each calendar quarter DAS distributes TriMet's share of moneys in the MTA Account to the Trustee OSTF Account. Once the Specified Tax Revenues are deposited to the Trustee OSTF Account, the Trustee credits those Specified Tax Revenues to the Debt Service Account in the amounts required under the Indenture, and distributes the remainder to TriMet. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS—Collection and Application of Revenues" and APPENDIX F—"SUMMARY OF INDENTURE—Revenue Fund and Accounts; Deposits to and Application of Revenue Fund."

Historical Specified Tax Revenues

Table 1 summarizes historical Specified Tax Revenues during the period FY 2006 through FY 2015. The historical Specified Tax Revenues shown in Table 1 were derived from TriMet's audited financial statements. State in-lieu payments were not included in Specified Tax Revenues until FY 2010.

TABLE 1
HISTORICAL PAYROLL, SELF-EMPLOYMENT AND STATE IN-LIEU TAX REVENUES
($000s)

Fiscal Year	Payroll Tax	Percent Change	Self-Employment	Percent Change	State-In-Lieu	Percent Change	Total	Percent Change
2006[(1)]	$ 178,317	13.4%	$ 11,004	38.2%	$ 1,990	1.0%	$ 189,321	14.6%
2007[(1)]	191,073	7.2	12,837	16.7	2,260	13.6	203,910	7.7
2008[(1)]	201,163	5.3	10,868	(15.3)	2,255	(0.2)	212,031	4.0
2009[(1)]	198,864	(1.1)	7,743	(28.8)	2,482	10.1	206,607	(2.6)
2010[(1) (2)]	194,241	(2.3)	10,165	31.3	2,676	7.8	207,082	0.2
2011[(1) (2)]	211,280	8.8	10,919	7.4	2,659	(0.6)	224,858	8.6
2012[(1) (2)]	232,756	10.2	12,451	14.0	2,872	8.0	248,079	10.3
2013[(1) (2)]	242,669	4.3	13,138	5.5	2,706	(5.8)	258,513	4.2
2014[(1) (2)]	258,185	6.4	13,594	3.5	2,795	3.3	274,574	6.2
2015[(2)]	273,308	5.9	14,784	8.8	3,202	14.6	291,294	6.1

(1) Tax rate changes are as follows: 2006 through 2014 +0.01% in each year; 2013, City of Boring withdrawal +0.001905%. No increase in rates in 2015.
(2) Totals 2010 through 2015 include State in-lieu payments. Totals before 2010 do not include State in-lieu payments, as State in-lieu taxes were not included as Specified Tax Revenues in the Indenture until FY 2010.
Source: TriMet.

Debt Service Coverage

The following Table 2 summarizes total historical Specified Tax Revenues for FY 2006 through FY 2015 and Senior Lien Bond debt service during those FYs.

TABLE 2
HISTORICAL SPECIFIED TAX REVENUES, SENIOR LIEN DEBT SERVICE AND DEBT SERVICE COVERAGE
($000s)

Fiscal Year	Total Specified Revenues[(1)]	Scheduled Debt Service Payments for Outstanding Senior Lien Bonds	Gross Coverage
2006	$ 189,321	$ 13,233	14.3x
2007	203,910	13,648	14.9
2008	212,031	12,939	16.4
2009	206,607	12,925	16.0
2010	207,082	13,682	15.1
2011	224,858	16,403	13.7
2012	248,079	15,499	16.0
2013	258,513	14,059	18.4
2014	274,574	18,308	15.0
2015	291,294	17,777	16.4

(1) See Table 1 for explanations of increases in certain FYs.
Source: TriMet.

Forecast Specified Tax Revenues

TriMet receives regular economic forecast information based on payroll tax, self-employment tax and State in-lieu payments from ECONorthwest, a regional economic consulting and forecasting firm. TriMet uses this information, and sometimes modifies it to take into account current trends, in preparing its own financial forecasts for operations and capital planning purposes.

TriMet projects total Specified Tax Revenues for FY 2016 to be $312.7 million or $21.4 over Specified Tax Revenues received in FY 2015, a projected 7.3 percent increase. The average annual growth of Specified Tax Revenues has been 5.3 percent over the last twenty years.

Payroll tax revenues for FY 2016, based on current tax rates, are projected to be $294.2 million or an estimated 7.6 percent increase over FY 2015 due to growth in employment, wages and salaries, and are projected to increase 8.3 percent in FY 2017.

Self-employment tax revenues for FY 2016 are projected to be $15.1 million or an estimated 2.0 percent increase over FY 2015, and are projected to increase 6.8 percent in FY 2017. The self-employment tax revenues made up 5.1 percent of the Specified Tax Revenues in FY 2015.

The State in-lieu payments tax rate is 0.006. State in-lieu payments for FY 2016 are projected to be $3.4 million, an increase of 6.3 percent over FY 2015, and are projected to increase 6.0 percent in FY 2017.

PLAN OF FINANCING

The proceeds to be received from the sale of the Series 2015 Bonds are to be applied (i) to pay costs of transit-related capital projects, (ii) to refund certain outstanding Senior Lien Bonds, and (iii) to pay costs related to the Series 2015 Bonds.

The 2015 Projects

TriMet expects to finance all or a portion of the costs of certain transit-related capital projects described below with proceeds of the Series 2015A Bonds. Other transit-related capital projects may be substituted for any of these projects.

Project Summary	**Estimated Bond Proceeds (In Millions)**
Partial funding of replacement of fixed route buses	$ 55.0
Electronic Fare System	25.0
Total	**$ 80.0**

Plan of Refunding

TriMet plans to use a portion of the proceeds of the Series 2015B Bonds to achieve debt service savings by refunding all or a portion of the Outstanding Senior Lien Bonds shown in the table below (collectively, the "Refunded Bonds").

The use of a portion of the proceeds of the Series 2015B Bonds and the selection of the Outstanding Senior Lien Bonds to be refunded are subject to market conditions. TriMet may determine not to refund some or all of the Outstanding Senior Lien Bonds if their refunding will not produce sufficient savings. TriMet may also refund Outstanding Senior Lien Bonds that are not shown in the table below if market conditions warrant.

The proceeds of the Series 2015B Bonds are expected to be used to refund the Refunded Bonds on the respective dates fixed for redemption shown in the table below, and at the prices (expressed as a percentage of the principal amounts to be redeemed) set forth in the table below, and pay the costs of issuing the Series 2015B Bonds. For this purpose, TriMet intends to establish one or more escrow deposit accounts (the "Escrow Deposit Accounts") with The Bank of New York Mellon Trust Company, N.A. TriMet expects to purchase direct obligations of the United States or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States for deposit into the Escrow Deposit Accounts together with cash or cash equivalents, if necessary, in an amount sufficient to provide for the redemption of the Refunded Bonds.

TABLE 3
OUTSTANDING PAYROLL TAX REVENUE BONDS TO BE REFUNDED WITH PROCEEDS OF THE SERIES 2015B BONDS

Series	Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Number (895415)
2005A	9/1/2016	$ 4,230,000	5.000%	10/30/2015	100%	AM9
	9/1/2017	4,450,000	5.000	10/30/2015	100	AN7
	9/1/2018	4,675,000	5.000	10/30/2015	100	AP2

Series	Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Number (89546R)
2007A	9/1/2017	$ 1,605,000	4.000%	3/1/2017	100%	GN8
	9/1/2018	1,665,000	4.000	3/1/2017	100	GP3
	9/1/2019	1,730,000	4.000	3/1/2017	100	GQ1
	9/1/2020	1,800,000	4.000	3/1/2017	100	GR9
	9/1/2021	1,875,000	4.250	3/1/2017	100	GS7
	9/1/2022	1,950,000	4.250	3/1/2017	100	GT5
	9/1/2023	2,030,000	4.250	3/1/2017	100	GU2
	9/1/2024	2,115,000	4.250	3/1/2017	100	GV0
	9/1/2025	2,205,000	4.250	3/1/2017	100	GW8
	9/1/2026	2,300,000	4.250	3/1/2017	100	GX6
	9/1/2031†	13,025,000	4.250	3/1/2017	100	GY4

Series	Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Number (89546R)
2009A	9/1/2020	$ 1,785,000	4.250%	9/1/2019	100%	HK3
	9/1/2021	1,865,000	4.250	9/1/2019	100	HL1
	9/1/2022	1,950,000	5.000	9/1/2019	100	HM9
	9/1/2025	195,000	4.000	9/1/2019	100	HN7
	9/1/2029†	16,405,000	4.750	9/1/2019	100	HP2

† Term Bond.

Verification

Samuel Klein and Company, Certified Public Accountants (the "Verification Agent") is expected to deliver to TriMet on or before the date the Series 2015B Bonds are issued its reports indicating that it has verified the mathematical accuracy of (i) the mathematical computations relating to the sufficiency of the cash, if any, and maturing principal of and interest on the escrow investments to pay, when due, prepayment price, the principal of, and interest and premium on the Refunded Bonds, and (ii) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Series 2015 Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by TriMet and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by TriMet and its representatives and has not evaluated or examined the assumptions or information used in the computations.

ESTIMATED APPLICATION OF PROCEEDS

The estimated application of the proceeds of the Series 2015 Bonds are as follows:

Estimated Sources and Uses of Funds

Sources of Funds	Series 2015A	Series 2015B
Par amount of the Series 2015 Bonds	$71,885,000.00	$62,705,000.00
Net original issue premium/discount	8,408,410.95	9,899,361.95
Released from Debt Service Account	-	214,761.35
Total sources	$80,293,410.95	$72,819,123.30
Uses of Funds		
Project Costs	$80,000,000.00	
Escrow Deposit	-	$72,593,983.00
Costs of Issuance*	293,410.95	225,140.30
Total uses	$80,293,410.95	$72,819,123.30

* Costs of issuance include underwriters' discount, trustee fees, legal fees, financial advisory fees, printing and other expenses.

DEBT INFORMATION

Debt Management

TriMet has not defaulted on any debt obligation and has not used bond proceeds to pay operating costs.

Long-Term Debt

TriMet has a number of long-term debt issues outstanding.

Senior Lien Bonds

TriMet has five series of bonds Outstanding that are Senior Lien Bonds payable from and secured by a pledge of Specified Tax Revenues on parity with the pledge that will secure the Series 2015 Bonds. As presented in Table 4 below, those Senior Lien Bonds were outstanding as of September 2, 2015, in the aggregate principal amount of $175,435,000. A portion of those Senior Lien Bonds will be refunded by the Series 2015B Bonds.

FFGA Bonds with a Subordinate Lien on Specified Tax Revenues

TriMet has issued one series of FFGA Bonds: $325,000,000 were outstanding as of September 2, 2015. The 2013 FFGA Bonds are payable from all legally available funds of TriMet, and are secured by: (i) a first lien on amounts received by TriMet under a FFGA between TriMet and the Federal Transit Administration for the PMLR; and (ii) a second lien on the Specified Tax Revenues. The 2013 FFGA

Bond documents obligate the Trustee to set aside Excess Specified Tax Revenues to pay the interest on the 2013 FFGA Bonds after the Trustee sets aside Specified Tax Revenues to pay Senior Lien Bonds, and before the Trustee sends any remaining Excess Specified Tax Revenues to TriMet. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS—Subordinate Debt."

Capital Grant Receipt Revenue Bonds

TriMet has issued two series of Capital Grant Receipt Revenue Bonds; $155,260,000 aggregate principal amount of those bonds were outstanding as of September 2, 2015. The Capital Grant Receipt Revenue Bonds are not secured by the Specified Tax Revenues or the Trust Estate, and are payable only from federal grant funds payable to TriMet under Section 5307 of Title 49 of the U.S. Code.

TABLE 4
TRIMET'S OUTSTANDING LONG-TERM DEBT – AS OF SEPTEMBER 2, 2015

	Dated Date	Final Maturity Date	Original Principal Amount	Amount Outstanding
Bonds Secured by Specified Tax Revenues				
Senior Lien Bonds[1]				
Series 2005A	03/29/05	09/01/18	$ 65,475,000	$ 13,355,000
Series 2007A	01/23/07	09/01/31	45,450,000	33,845,000
Series 2009A and 2009B	10/27/09	09/01/33	49,550,000	41,250,000
Series 2012A	08/30/12	09/01/37	93,290,000	86,985,000
			253,765,000	175,435,000
Subordinate Lien Bonds				
2013 FFGA Bonds	03/07/13	11/01/19	325,000,000	325,000,000
Total Bonds Secured by Specified Tax Revenues			**578,765,000**	**500,435,000**
Bonds Not Secured by Specified Tax Revenues				
Capital Grant Receipt Revenue Bonds, Series 2005	06/23/05	10/01/17	79,320,000	12,880,000
Capital Grant Receipt Revenue Bonds, Series 2011A and 2011B	06/30/11	10/01/27	142,380,000	142,380,000
Total Bonds Not Secured by Specified Tax Revenues			**221,700,000**	**155,260,000**
Total Long Term Debt			**$ 800,465,000**	**$ 655,695,000**

(1) This table does not reflect the refunding of certain Outstanding Senior Lien Bonds contemplated by the Series 2015B Bonds or the issuance of the Series 2015 Bonds.

Source: TriMet.

Debt Service Requirements

The debt service requirements on the Outstanding Senior Lien Bonds, the Series 2015 Bonds, and the interest of the 2013 FFGA Bonds are summarized in Table 5.

TABLE 5
DEBT SERVICE REQUIREMENTS SECURED BY SPECIFIED TAX REVENUES[(1)]

Fiscal Year	Outstanding Senior Lien Bonds[(2)]	Series 2015 Bonds Principal	Series 2015 Bonds Interest	Total Senior Lien Debt Service	Interest Payments on FFGA Bonds	Total Debt Service
2016	$ 16,227,900	-	$ 2,563,183	$ 18,791,083	$ 11,650,000	$ 30,441,083
2017	10,551,869	$ 5,650,000	6,026,150	22,228,019	10,300,000	32,528,019
2018	8,968,319	7,255,000	5,804,700	22,028,019	7,150,000	29,178,019
2019	8,967,819	7,565,000	5,487,575	22,020,394	3,500,000	25,520,394
2020	8,968,894	3,345,000	5,246,325	17,560,219	825,000	18,385,219
2021	7,223,469	5,115,000	5,077,700	17,416,169		17,416,169
2022	7,222,719	5,355,000	4,845,850	17,423,569		17,423,569
2023	7,226,469	5,600,000	4,584,350	17,410,819		17,410,819
2024	7,222,719	5,900,000	4,329,238	17,451,957		17,451,957
2025	7,226,094	6,125,000	4,060,450	17,411,544		17,411,544
2026	7,226,094	6,430,000	3,748,575	17,404,669		17,404,669
2027	7,222,469	6,760,000	3,418,825	17,401,294		17,401,294
2028	7,224,719	7,100,000	3,072,325	17,397,044		17,397,044
2029	7,222,344	7,460,000	2,708,325	17,390,669		17,390,669
2030	7,224,844	7,835,000	2,325,950	17,385,794		17,385,794
2031	10,014,369	5,515,000	1,992,200	17,521,569		17,521,569
2032	10,010,672	5,780,000	1,725,013	17,515,685		17,515,685
2033	10,010,341	3,285,000	1,513,575	14,808,916		14,808,916
2034	10,007,178	3,455,000	1,345,075	14,807,253		14,807,253
2035	6,508,125	3,630,000	1,167,950	11,306,075		11,306,075
2036	6,507,875	3,800,000	996,200	11,304,075		11,304,075
2037	6,508,250	3,965,000	830,900	11,304,150		11,304,150
2038	6,503,625	4,140,000	658,800	11,302,425		11,302,425
2039	-	4,320,000	479,600	4,799,600		4,799,600
2040	-	4,505,000	293,100	4,798,100		4,798,100
2041	-	4,700,000	99,000	4,799,000		4,799,000
Total	$ 191,997,176	$ 134,590,000	$ 74,400,933	$ 400,988,109	$ 33,425,000	$ 434,413,109

(1) Does not reflect principal payments on TriMet's outstanding 2013 FFGA Bonds that are payable from all legally available funds of TriMet, and are secured by a second lien on the Specified Tax Revenues. TriMet expects to pay principal of the 2013 FFGA Bonds from amounts TriMet receives under the FFGA. TriMet expects to pay interest on the 2013 FFGA Bonds from the Excess of Specified Tax Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR LIEN BONDS—Subordinate Debt." May not total due to rounding.

(2) Does not include the portion of the Outstanding Senior Lien Bonds that will be refunded by the Series 2015B Bonds. The FY 2016 figure does include September 1, 2015 debt service payments that were made on the Outstanding Senior Lien Bonds that will be refunded by the Series 2015B Bonds. See "PLAN OF FINANCING—Plan of Refunding" herein.

Source: TriMet.

Future Debt Plans

TriMet anticipates issuing a total of approximately $250 million of additional Senior Lien Bonds over the next five years to pay or as reimbursement for the payment of costs of its capital improvement program including annual bus replacements, state of good repair projects, and other capital acquisitions. See APPENDIX A—"TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON—Capital Improvements." TriMet's share of significant regional projects that are now in development will require additional bond issuance which may include Senior Lien Bonds and grant anticipation bonds. TriMet may also may issue refunding bonds to achieve debt service savings.

CERTAIN INVESTMENT CONSIDERATIONS

Economy of Tri-County Area and the State

The Series 2015 Bonds are secured by a pledge of the Specified Tax Revenues, which include payroll taxes and self-employment taxes assessed by TriMet. The level of payroll taxes and self-employment taxes collected at any time is dependent upon the level of employment. As a result, any substantial deterioration in the level of employment within the Tri-County Area could have a material adverse impact upon the level of payroll taxes and self-employment taxes received by TriMet and therefore upon the ability of TriMet to pay principal of and interest on the Series 2015 Bonds. For information regarding demographic and employment information within the Tri-County Area, see APPENDIX G—"DEMOGRAPHIC INFORMATION."

Seismic or Other Disaster

A major earthquake, other natural disaster, terrorist attack or other unforeseeable disaster could adversely affect the economy of the Tri-County Area and have a material adverse impact on TriMet's operations and Specified Tax Revenues collected. TriMet cannot predict the potential effect of such events on the financial conditions of TriMet or on TriMet's ability to pay the principal of and interest on the Series 2015 Bonds.

Bankruptcy Currently Not Authorized

TriMet is currently not authorized under Oregon state law to file Chapter 9 municipal bankruptcy. Although TriMet is not aware of any active discussion by Oregon lawmakers regarding this issue, the Oregon Legislative Assembly could authorize TriMet to file for Chapter 9 municipal bankruptcy in the future.

Federal Funding

TriMet relies on federal grants among other sources, for certain capital projects. Congress establishes the legal authority for federal funding of transit programs through authorizing legislation. Each year Congress needs to pass legislation, which when signed by the President, appropriates funds for agencies such as the Federal Transit Administration and the Department of Transportation, which distribute federal funding. Recently, Congress approved and the President signed a three month $8 billion extension of federal transportation funding and programs until October 29, 2015. TriMet cannot predict whether long term funding will be approved and of what that approval will consist.

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Series 2015 Bonds could become includable in federal gross income, possibly from the date of issuance of the Series 2015 Bonds, as a result of acts or omissions of TriMet subsequent to the issuance of the Series 2015 Bonds.

Failure to Maintain Credit Ratings

Certain rating agencies have assigned ratings to TriMet's Series 2015 Bonds. The ratings issued reflect only the views of such rating agencies. Any explanation of the significance of these ratings should be obtained from the respective rating agencies. TriMet undertakes no responsibility to maintain its current credit ratings on the Series 2015 Bonds or to oppose any downward revision, suspension or withdrawal. See “RATINGS” herein. There is no assurance current TriMet ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the respective judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings could be expected to have an adverse effect on the market price of the Series 2015 Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2015 Bonds or, if a secondary market exists, that the Series 2015 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse developments or economic prospects connected with a particular issue, secondary trading practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Initiative and Referendum

The State Constitution reserves to the (1) 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 and the referendum power to approve or reject at an election certain acts passed by the Legislative Assembly, and (2) voters in TriMet the initiative and referendum power as to legislation of TriMet. From time to time, initiatives and referenda affecting the collection of Specified Tax Revenues or the operations of TriMet could be adopted. See APPENDIX A—“TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON— Initiative and Referendum Process.”

LITIGATION

To the knowledge of TriMet, there is no litigation pending or threatened which would in any way (i) restrain or enjoin the issuance, sale or delivery of the Series 2015 Bonds or (ii) question the validity of the Series 2015 Bonds or the authority of TriMet to make principal and interest payments or to collect Specified Tax Revenues to pay the Series 2015 Bonds.

TriMet is a defendant in various legal actions resulting from normal transit operations. Although the outcome of such actions cannot presently be determined, it is the opinion of TriMet’s management and legal counsel that settlement of these matters will not have a material adverse effect on TriMet’s financial position, results of operations or cash flows.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to TriMet, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2015 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Interest on the Series 2015A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Bond Counsel expresses no opinion as to whether interest on the Series 2015B Bonds (or any portion thereof) is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Some of the Series 2015B Bonds bear interest that is susceptible of inclusion in adjusted current earnings of corporations for alternative minimum tax purposes while interest on the remaining such bonds is not so includable. These two types of bonds are not being separately identified by TriMet. Failing such identification, all corporate holders of the Series 2015B Bonds should treat the interest they receive as includable in adjusted current earnings of corporations for purposes of calculating the alternative minimum taxable income of such corporations. Prospective purchasers of the Series 2015B Bonds should consult their own tax advisors regarding this issue. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by TriMet in connection with the Series 2015 Bonds, and Bond Counsel has assumed compliance by TriMet with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to TriMet, under existing statutes, interest on the Series 2015 Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Series 2015 Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2015 Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2015 Bonds in order that interest on the Series 2015 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2015 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2015 Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. TriMet has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2015 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2015 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2015 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2015 Bonds.

Prospective owners of the Series 2015 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2015 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2015 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2015 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2015 Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series 2015 Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2015 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2015 Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

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

Bond Premium

In general, if an owner acquires a Series 2015 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2015 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2015 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2015 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2015 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2015 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the Federal or State level, may adversely affect the tax-exempt status of interest on the Series 2015 Bonds under Federal or State law or otherwise prevent beneficial owners of the Series 2015 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2015 Bonds. For example, the FY 2016 Budget proposed by the Obama Administration recommended a 28 percent limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28 percent would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date.

Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

The Series 2015 Bonds are being purchased for reoffering by J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC (collectively, the "Underwriters"). The Contract of Purchase provides that the Underwriters will purchase all of the Series 2015 Bonds, if any are purchased. The purchase price of the Series 2015 Bonds is $152,674,670.16, which is equal to the principal amount of the Series 2015 Bonds ($134,590,000.00), plus net premium of $18,307,772.90 and less an Underwriters' discount of $223,102.74. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase, the approval of certain legal matters by counsel and certain other conditions. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2015 Bonds to the public. The Underwriters may offer and sell the Series 2015 Bonds to certain dealers (including dealers depositing the Series 2015 Bonds to investment trusts) and others at prices lower than the public offering prices stated on the inside front cover page hereof. The Underwriters may change the public offering prices from time to time.

J.P. Morgan Securities LLC ("JPMS"), an Underwriter of the Series 2015 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of CS&Co. and LPL will purchase the Series 2015 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2015 Bonds that such firm sells.

Citigroup Global Markets Inc., an underwriter of the Series 2015 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2015 Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2015 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015 Bonds.

RATINGS

The Series 2015 Bonds have received ratings of "Aaa" and "AAA", by Moody's Investors Service and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007; and Standard & Poor's, 55 Water Street, New York, New York, 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2015 Bonds.

THE TRUSTEE, PAYING AGENT AND REGISTRAR

The Bank of New York Mellon Trust Company, N.A., San Francisco, California, serves as Trustee pursuant to the Indenture. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Series 2015 Bonds, the security of the payment therefore, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Series 2015 Bonds, or the investment quality of the Series 2015 Bonds. Except for the contents in this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy or completeness of the information included in this Official Statement. The Trustee will also act as the paying agent and registrar for the Series 2015 Bonds.

FINANCIAL ADVISOR

TriMet has retained Ross Financial, San Francisco, California as Financial Advisor in connection with the authorization and issuance of the Series 2015 Bonds. The Financial Advisor's fee is contingent on closing of the Series 2015 Bonds.

LEGALITY

Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel to TriMet, will render an opinion with respect to the validity and enforceability of the Series 2015 Bonds and the Indenture. Hawkins Delafield & Wood LLP from time to time represents the Underwriters on unrelated transactions. The form of the opinion of Bond Counsel appears as Appendix C to this Official Statement. Certain legal matters will be passed upon for the TriMet by Shelley Devine, General Counsel to TriMet, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLP, Portland, Oregon.

Orrick, Herrington & Sutcliffe LLP, who represents the Underwriters in connection with the Series 2015 Bonds, from time to time represents TriMet in certain other bond matters.

CONTINUING DISCLOSURE

TriMet has covenanted for the benefit of the holders and beneficial owners of the Series 2015 Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") by not later than nine months following the end of TriMet's FY and to provide notices of the occurrence of certain listed events. The Annual Disclosure Report and the notices of certain listed events are to be filed by TriMet with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Disclosure Report and in notices of events is to be listed in an agreement (the "Continuing Disclosure Certificate") to be executed and delivered by TriMet as a condition to the issuance of the Series 2015 Bonds. The form of the Continuing Disclosure Certificate is included in this Official Statement as Appendix D. These covenants are being made by TriMet to assist the Underwriters in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5), as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule").

TriMet believes that in the previous five years it has not failed to comply, in all material respects, with any previous continuing disclosure undertakings under the Rule. However, notice of a rating change based on an insurer downgrade in 2010 was not filed.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between TriMet and the purchasers or holders of any of the Series 2015 Bonds. Any statements made in this Official Statement involving matters 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 TriMet, since the date hereof.

OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Series 2015 Bonds, TriMet will deliver a certificate of its Authorized Representative addressed to the Underwriters to the effect that Authorized

Representative has examined this Official Statement and the financial and other data concerning TriMet contained herein and that, to the best of the Authorized Representative's knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Series 2015 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, provided however, TriMet makes no representation regarding information in this Official Statement related to the Underwriters or the book entry system; and (ii) between the date of this Official Statement and the date of the delivery of the Series 2015 Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of TriMet except as set forth in this Official Statement or an amendment thereto.

CONCLUDING STATEMENT

The execution and delivery of this Official Statement has been duly authorized by TriMet.

TRI-COUNTY METROPOLITAN TRANSPORTATION
DISTRICT OF OREGON

By: /s/ Dee Brookshire
Executive Director of Finance & Administration

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APPENDIX A

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

All capitalized terms used and not defined in this Appendix A shall have the meanings assigned to such terms in the forepart of this Official Statement to which this Appendix A is attached. Unless otherwise specifically noted herein, source data for tables is provided by TriMet.

General

TriMet is a municipal corporation established in 1969 under State law, particularly ORS Chapter 267, to provide public transportation in the Portland, Oregon metropolitan area. TriMet's service area covers approximately 533 square miles within Multnomah, Washington and Clackamas counties. See "Service Area" below.

Board of Directors

TriMet policy is set by a seven member Board of Directors. Board members are unpaid citizen volunteers appointed to four-year terms by the governor of the State and confirmed by the Oregon Senate. Each Board member represents a geographical district. Board members with expired terms serve until another member is appointed and confirmed.

TABLE A-1
TRIMET BOARD OF DIRECTORS

District No.	Director	Date of Original Appointment	Current Term Expiration
1	Bruce Warner, President	February 20, 2012	February 19, 2016
2	Joe Esmonde	June 5, 2013	May 31, 2018
3	Shelley Martin	May 14, 2015	May 13, 2019
4	Lori Irish Bauman	May 14, 2015	May 13, 2019
5	Dr. T. Allen Bethel, Vice President	March 1, 2010	February 28, 2018
6	Travis Stovall	February 20, 2012	February 19, 2016
7	Craig Prosser	December 1, 2011	February 28, 2018

Source: TriMet.

Key Administrative Staff

Neil McFarlane, General Manager, has served as Chief Executive Officer of TriMet since July 1, 2010. Before becoming General Manager, Mr. McFarlane served as TriMet's executive director for capital projects since 1998. In this role, he led the development, design and construction of TriMet's capital facilities, including the Airport, Interstate, I-205 and Portland Mall MAX extensions, and Westside Express Service Commuter Rail. From 1991 to 1998, he was TriMet's project control director for the Westside light rail project. Prior to joining TriMet, he worked for Metro and helped manage construction for the Oregon Convention Center. Mr. McFarlane received a Bachelor's degree from California State Polytechnic University at Pomona, and a master's degree in Urban Planning from the University of California at Los Angeles.

Shelley Devine, J.D., General Counsel, oversees the Legal Department and advises the General Manager and TriMet Board. Ms. Devine joined TriMet in March 2008 as senior deputy general counsel, focusing on labor, employment and operations. In March 2014, she was named General Counsel. Prior to coming to TriMet, Shelley served as in-house counsel for two national companies headquartered in

Portland—KinderCare and Hollywood Video. She spent the early years of her career as a litigation associate and partner in the San Francisco office of the national law firm Sonnenschein Nath & Rosenthal. Shelley received her J.D. from the University of California, Berkeley, where she was Book Review Editor of the California Law Review, and received her B.A. in Journalism with honors from the University of Oregon.

Dan Blocher, Executive Director, Capital Projects, directs and manages all aspects of planning, development, design and construction of TriMet's capital projects, including the PMLR project. Dan joined TriMet in 1995, leading the project control, cost analysis and contract management functions of capital projects and playing a significant role in the Westside light rail project. In 2002, he became the senior director of capital projects where he helped deliver the Interstate MAX Yellow Line, WES Commuter Rail and the I-205/Portland Mall MAX Green Line, which opened in September 2009. Mr. Blocher has a B.A. in civil engineering from George Washington University.

Dee Brookshire, MBA, CGFM, Executive Director, Finance and Administration, oversees TriMet's financial services, budgets and grants administration, procurement, contracts administration, revenue operations, and risk management. Ms. Brookshire has more than 30 years' experience in public agency and private sector finance, including seven years as Chief Financial Officer for Sacramento Regional Transit District. Ms. Brookshire received a Bachelor's Degree from California State University, Sacramento, and a Masters of Business Administration from the University of Nevada, Reno. She joined TriMet in 2014.

Lori Baker, CPA, CGMA, Director, Financial Services, is responsible for management of TriMet's finance and accounting functions. Ms. Baker is a Certified Public Accountant and received a Bachelor of Science degree in Accounting from the University of Oregon. She has more than 27 years' experience in auditing and financial accounting management. She joined TriMet in 2006.

Nancy Young, CPA, CISA, CFE, MBA, Director, Budget and Grants, is responsible for grants administration and budgeting. Ms. Young is a Certified Public Accountant and received a Masters of Business Administration degree from Portland State University. She has 19 years' experience in auditing and public accounting. She joined TriMet in 2015.

Staff and Bargaining Units

As of July 1, 2015, TriMet has approximately 2,360 union and 439 non-union full time and part time employees budgeted. Of these 1,180 are bus drivers and 247 are rail operators. Also employed are 704 maintenance personnel, of which 320 are for bus maintenance, 296 are for light rail facilities, trains and equipment and 88 are for other transit facilities. The Amalgamated Transit Union (the "ATU") represents TriMet's union employees.

In FY 2015, the ATU and TriMet negotiated a labor agreement that was retroactively effective from December 1, 2012 and runs through November 30, 2016 (the "2015 Agreement"). Under Oregon statutes, mass transit districts are subject to a no-strike provision and, while negotiating the current contract, TriMet operated under work rules existing in the contract which expired November 30, 2012. TriMet works under a statute that requires that an arbitrator determine the provisions of a disputed labor contract in the event that the parties are unable to agree. With the expiration of the contract approaching, the parties will begin collective bargaining and attempt to reach a new working and wage agreement that includes fair, reasonable and sustainable compensation to TriMet's union employees and all retirees. See "Fiscal Year 2015 and 2016 Budgets" below.

Service Area

TriMet provides a mass transit system to the more populous parts of Multnomah, Washington and Clackamas counties in Oregon (the "Tri-County Area"), which includes the greater Portland metropolitan area. The portion of the Tri-County Area served by TriMet covers an area of approximately 533 square miles. The Tri-County Area contains a total population of approximately 1.5 million, approximately 40 percent of the population of the State of Oregon. The major cities in the TriMet service area are Portland, Oregon, with a 2015 population of 583,776; Gresham, Oregon, with a 2015 population of 105,594; and Beaverton, Oregon with a 2015 population of 89,803. See the economic and demographic information about the Tri-County Area in APPENDIX G—"DEMOGRAPHIC INFORMATION" and the TriMet service area map on page ii of the forepart of this Official Statement.

The three counties which comprise the Tri-County Area, Multnomah, Washington and Clackamas, are amongst the counties with the highest per capita personal income in Oregon. See APPENDIX G—"DEMOGRAPHIC INFORMATION."

Operations

In FY 2015, total operating and non-operating revenue were derived from the following sources: approximately 59 percent from Specified Tax Revenues, 24 percent from passenger fares, 10 percent state and federal operating grants and 7 percent from other sources such as advertising, payments for contracted operations, interest earnings and cigarette taxes. See APPENDIX B—"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014." Fares increased at a higher rate than Specified Tax Revenues in the last ten years.

TriMet has the authority to raise additional revenues without State legislation, but TriMet's actions may be referable. See "Initiative and Referendum Process—Local Measures" below.

As of August 2015, TriMet's services include 79 bus lines, a 52-mile light rail system (known as the Metropolitan Area Express or "MAX") and a 14.7-mile, heavy rail commuter line (known as the Westside Express Service or "WES"). TriMet's 79 bus lines serve 17 major transit centers where buses and trains meet, and include 73 routes that connect with MAX light rail, the Portland Streetcar (which is owned by the City of Portland and described below), or TriMet's WES commuter rail line. TriMet's bus and MAX services are concentrated in downtown Portland along the Portland Transit Mall.

TriMet's passenger facilities include 1,075 bus shelters; 610 buses; 6,670 bus stops; 34 park-and-ride lots, with approximately 12,101 parking spaces; three bike-and-ride facilities with secure parking for 180 bicycles and 253 paratransit buses and 15 vans that provide door-to-door service as part of TriMet's current paratransit service ("LIFT") for passengers with disabilities unable to ride TriMet buses or MAX.

TriMet's MAX light rail system, a 52-mile system with four lines, includes 127 vehicles and 87 stations. A fifth line, the Portland-Milwaukie Light Rail Line (the "PMLR"), a 7.3-mile project, to connect Portland State University in downtown Portland, inner Southeast Portland, the City of Milwaukie and north Clackamas County has recently been completed and is now in test mode. Construction on the PMLR project began in July 2011 and revenue operations are scheduled to commence in September 2015. See "Capital Improvements" below for further information concerning the PMLR.

The City of Portland owns and operates the Portland Streetcar system, which provides service in downtown Portland and inner Northwest and inner southwest Portland neighborhoods. The infrastructure of the Portland Streetcar is owned and financed by the City of Portland. TriMet does not pay for costs of capital construction related to the Portland Streetcar, however, through separate Master and Operating Agreements with the City of Portland, TriMet personnel provide assistance with the operation and maintenance of the Portland Streetcar. TriMet contributes approximately 60% of the operating costs, net of revenue, for the Portland Streetcar.

TriMet's Accessible Transportation Program or LIFT service is a shared-ride door-to-door public transportation service for people who are unable to use buses or MAX due to a disability. The LIFT service boundary is three-fourths of a mile beyond TriMet's bus and MAX lines. LIFT service operates during the same hours as bus and MAX services, generally 4:30 a.m. to 2:30 a.m., seven days a week.

The WES commuter rail line uses existing freight rail tracks to serve the cities of Beaverton, Tigard, Tualatin and Wilsonville along the I-5/Highway 217 corridor in the western part of TriMet's service area. WES trains are operated for TriMet by Portland & Western Railroad, Inc., (the "Railroad") a regional freight railroad company owned by Genesee & Wyoming Inc., on tracks owned by the Railroad. WES trains run approximately every 30 minutes, Monday through Friday, during the morning and afternoon rush hours.

The weighted average age of the fixed-route bus fleet will be 8 years after delivery of new buses in calendar year 2015 and the weighted average age of TriMet's light rail vehicles is 16 years. In FY 2015, TriMet operated 23.6 million fixed-route bus miles, 8.0 million light rail car miles, 0.1 million commuter rail miles and 8.6 million paratransit vehicle miles. TriMet's entire system is wheelchair accessible.

Table A-2, below, shows ridership information during the period FY 2005 through FY 2015. Ridership declined from FY 2010 to FY 2014 as a result of service cuts implemented in response to the economic downturn during FY 2009 and FY 2010. Ridership began to increase in the final quarter of FY 2014 as restoration of service began to be implemented. The last segments of frequent service that were cut during the financial recession are expected to be fully restored in FY 2016. Based on TriMet surveys, 78% of its riders choose TriMet over driving.

TABLE A-2
TRIMET RIDERSHIP: FISCAL YEARS ENDED 2005-2015
(000s)

	Fixed Route Bus and Rail		Paratransit		System	
Fiscal Year	Annual	Average Weekday	Annual	Average Weekday	Annual	Average Weekday
2005	95,759	306	1,026	3.5	96,785	310
2006	95,736	307	1,050	3.6	96,786	311
2007	96,918	310	1,084	3.7	98,002	314
2008	99,230	315	1,122	3.8	100,352	319
2009(1)	101,467	323	1,088	3.7	102,555	327
2010(2)	99,337	315	1,073	3.6	100,410	319
2011	100,003	318	1,064	3.6	101,067	322
2012	102,238	325	1,063	3.6	103,301	329
2013(3)	99,247	316	1,038	3.6	100,285	320
2014(3)	98,775	315	1,037	3.6	99,812	319
2015	100,711	321	1,042	3.6	101,753	325
Total Change 2005-2015	4,952	15	16	0.1	4,968	15
Total % Change 2005-2015	5.17%	4.90%	1.56%	2.86%	5.13%	4.84%

(1) Includes WES commuter rail beginning February 2009.
(2) Ridership in FY 2010 decreased due to bus service reductions and regional employment, which was down 4.3 percent in FY 2010 compared to FY 2009.
(3) Ridership decreases in FY 2013 and FY 2014 were a result of the continued impact of service cuts and the elimination of the free rail zone. Ridership showed increases in the final quarter of FY 2014, as restoration of frequent service routes began to be implemented.
Source: TriMet.

Capital Improvements

TriMet's capital planning process was redesigned in FY 2015 with the establishment of the Capital Program Committee (the "CPC") whose primary function is to assist the General Manager in the development and management of the Capital Improvement Program (the "CIP"). The current five-year CIP contains approximately 184 projects with an estimated total cost of $498 million. Key near term projects include the PMLR (on time for a scheduled opening in September 2015), Powell-Division Corridor Bus Rapid Transit (in August 2015 the FTA approved commencement of project development), Southwest Corridor High Capacity Transit (options are being evaluated for projects in this area), replacement of an additional 77 buses in early 2016 and 40 bus replacements scheduled for every year thereafter for the next four years, expansion of WES commuter rail, planning for the expansion of the MAX Red Line to Fairplex, and implementation of the electronic fare system to allow for a phase out of paper tickets and implementation of a new way to pay fares.

The CPC is comprised of TriMet's ten executive team members plus the Chief Information Officer and, under the General Manager's authority, is responsible for managing and administering TriMet's CIP. The CPC meets monthly and is chaired by the Deputy General Manager with the Director of Capital Projects serving as vice-chair.

The CPC reviews, evaluates and recommends projects and upon approval and addition to the CIP, monitors the progress of the overall program of projects both within their respective divisions and as a group, the progress of the TriMet-wide CIP. If projects are stalled or delayed, funding may be shifted to other projects to keep as many going forward to completion as possible throughout the year.

The CIP classifies projects within nine categories including system expansion programs; transit security and safety programs; infrastructure programs; facilities programs; fleet programs; equipment programs; information technology programs; planning/studies programs; or other programs.

Cost estimates are provided over a five-year time horizon within which the first year of the five-year plan is the adopted Capital Budget for the current FY. The CPC is in the process of expanding the time horizon of the CIP to provide thirty-five year projections on known replacement programs such as vehicle replacements and infrastructure rehabilitation.

TriMet has funded its capital replacement and improvement program from its on-going resources, federal, state and local grants and from proceeds of bonds. Federal funds were the largest source of payments for the MAX lines, other than the Red Line to Portland International Airport, which was financed with a combination of private sector and local government debt. The federal, state, and local governments shared in construction funding for the WES commuter rail service. TriMet's resources have funded just 6 percent of the total cost of the region's high capacity transit construction program to date including East and West Blue Line MAX, Red Line MAX, Yellow Line MAX, WES Commuter Rail and Green Line MAX. Federal funds have paid for 65 percent, general obligation bonds, 4 percent, and TriMet's partners (Oregon Department of Transportation, City of Portland, Metro, Port of Portland, Portland Development Commission, other local governments and private contributions) have paid for 25 percent of construction costs.

TriMet's capital budget for the FY 2015 included the following major expenditures: 1) the purchase of 64, 40-foot fixed route buses; 2) the purchase of 49 LIFT vehicles to replace old, high mileage vehicles; 3) costs to implement positive train control on the WES line; 4) safety improvements including upgrade of CCTV technology on buses and light rail vehicles; additional pedestrian safety improvements; 5) initial costs for electronic fare system; 6) refurbishment of damaged platform and station finishes; and 7) replacement of non-revenue vehicles.

The FY 2015 capital budget included $386 million for PMLR construction. Funding sources for the PMLR project include State Lottery Bond proceeds, MTIP bond proceeds and ODOT grants.

TriMet's capital budget for the FY 2016 includes the following major expenditures: 1) the purchase of 77 40-foot fixed route buses; 2) the purchase of 49 LIFT vehicles to replace old, high mileage vehicles; 3) costs to implement positive train control on the WES line; 4) safety improvements including upgrade of CCTV technology on buses and light rail vehicles; additional pedestrian safety improvements; 5) continuing costs for electronic fare system; 6) refurbishment of MAX Blue Line Station elevators; and 7) construction of the PMLR. A portion of these expenditures is expected to be funded from proceeds of the Series 2015A Bonds. See "PLAN OF FINANCING—The 2015 Projects" in the forepart of this Official Statement.

Portland-Milwaukie Light Rail (PMLR) Project. The PMLR project includes the 7.3-mile extension of TriMet's MAX system between the cities of Portland and Milwaukie, Oregon, and, upon its completion, will extend MAX service from the campus of Portland State University in downtown Portland to the City of Milwaukie. The project includes the construction of a new bus, rail, pedestrian and bicycle bridge spanning the Willamette River, as well as the construction of ten new light rail stations and two park-and-ride facilities. TriMet is working with the State of Oregon, the City of Portland, Metro, the City of Milwaukie, Clackamas County and the Federal Transit Administration (the "FTA") in developing the PMLR project. The project is on schedule for opening in September 2015. See "DEBT INFORMATION—Long-Term Debt" in the forepart of this Official Statement.

Audits

The Oregon Municipal Audit Law (ORS 297.405 to 297.555, as amended) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least annually. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit must be performed by accountants whose names are included on the roster prepared by the State Board of Accountancy.

TriMet's audits for the FYs ended June 30, 2015 and 2014 were performed by Moss Adams LLP, Portland, Oregon (the "Auditor"). A copy of the financial statements and supplementary information for June 30, 2015 and 2014, with the Auditor's report therein, is included in Appendix B. The Auditor was not engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor has not performed any procedures relating to this Official Statement. TriMet did not request the Auditor to consent to inclusion of its reports for FYs ended June 30, 2015 and 2014 in this Official Statement.

Budgeting Process

TriMet prepares an annual budget in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294, as amended) ("Oregon Budget Law"), which provides procedures for the preparation, presentation, administration and appraisal of budgets. During the months from November through April of each year, TriMet staff develops a proposed budget under the supervision of the Executive Director of Finance and Administration. Oregon Budget Law requires a balanced budget.

The budget process begins with TriMet's forecast of revenues and expenditures. The forecast is for a period of at least ten years. The Executive Director of Finance and Administration presents the forecast results, assumptions and major financial issues to the General Manager. The General Manager decides which revenue and expenditure measures TriMet will pursue, and the level of capital and operating funding in the upcoming budget year. Approval of the budget requires a majority vote of the Board.

The approved budget must be submitted to the Multnomah County Tax Supervising and Conservation Commission (the "TSCC") by May 15 of each year. The TSCC reviews the budget and holds a public hearing. Prior to the public hearing, a notice of hearing is published. Publication is governed by strict time and mode requirements. At the hearing, members of TriMet's Board and senior management answer TSCC questions on the budget and other major issues affecting TriMet. TriMet's budget must be certified and approved by the TSCC prior to adoption by the Board. Final adoption of the annual budget and appropriation of funds by the Board must occur no later than June 30 each year. Supplemental budgets, if required, are considered and adopted by the same process as the regular budget, including public hearing and notice requirements and certification by the TSCC. During the course of the FY, interfund transfers and changes and reductions in spending may be made with approval of the Board and do not require formal budget amendments or supplements.

Fiscal Year 2015 and 2016 Budgets

The budget for TriMet's FY 2015, adopted by the Board May 28, 2014, continued TriMet's multi-year effort to achieve long-term fiscal stability. The budget focused on expanding service, capital maintenance and replacement deferred during the financial recession, and strengthening pension reserves. The FY 2015 Adopted Budget reflected union employees and retirees contributing more to their health benefits.

To help TriMet pay for more service and invest in capital expansion, the Oregon legislature passed legislation in 2003 authorizing TriMet to increase the payroll tax rate one-tenth of one percent over ten years. Beginning January 1, 2005 and ending January 1, 2014, TriMet increased the employer and self-employed payroll tax rates .01 percent annually. Between FY 2005 and FY 2013, the increase in the payroll tax rate generated $125 million for new service and capital investment. In FY 2014 revenues generated by the increase in the payroll tax rate were $34.4 million and projected to be $39.5 million through the end of FY 2015 and $42.7 million through the end of FY 2016.

For information related to action by the Oregon Legislative Assembly permitting TriMet to increase the rate for payroll and self-employment taxes by an additional one-tenth of a percent, see "THE SPECIFIED TAX REVENUES—Revenue Sources—Payroll Taxes and Self-Employment Taxes."

The budget for TriMet's FY 2016 (the "FY 2016 Budget"), adopted by the Board May 27, 2015, reflects financial stability and TriMet's top spending priorities. The FY 2016 Budget focuses on expanding service through the opening of the PMLR and the complete restoration of Max rail and frequent bus services that had been cut during the financial recession. The FY 2016 Budget also includes ongoing capital maintenance, vehicle replacements, and continues to strengthen pension reserves.

The FY 2016 Budget assumes no base fare increase. However, the Honored Citizen fare, which allows a discount to senior and disabled riders, was increased from $1.00 to $1.25, returning to TriMet's past practice and FTA guidance on discounting this fare to one half the adult fares.

TriMet's adopted budgets for FY 2015 and FY 2016 are summarized in Table A-3. The beginning fund balance shown in the FY 2016 Budget is based on a projection of revenues and expenditures for FY 2015. FY 2015 year-end results for net operating income after debt service are $28.9 million.

TABLE A-3
TRIMET ADOPTED BUDGETS

	FY 2015 General Fund Operating Account Budget[1]	FY 2016 General Fund Operating Account Budget
Resources		
Beginning fund balance[2]	$ 379,800,204	$ 208,382,157
Operating revenues		
Passenger	119,441,395	119,629,072
Other	40,058,531	15,069,280
Total operating revenue	159,499,926	134,698,352
Tax revenue		
Employer payroll	270,575,248	294,170,286
Self-employed	15,683,879	15,099,359
State "in-lieu"	2,966,298	3,442,173
Total tax revenue	289,225,425	312,711,818
Other revenue		
Federal operating grants[2]	75,846,368	78,911,425
State operating grants	932,948	5,099,520
Local operating grants	1,324,349	3,275,456
Interest	700,000	775,000
Miscellaneous	3,597,826	4,512,532
Total other revenue	82,401,491	92,573,933
Total operating resources (excluding beginning Fund balance)	531,126,842	539,984,103
Capital Program Resources	12,433,501	71,129,749
Light Rail Program Resources	250,908,370	153,451,994
Other Non-Operating Resources	4,370,000	4,396,589
Bond Proceeds	0	98,361,911
Total resources	1,178,638,917	1,075,706,503
Expenditures		
Office of the General Manager	1,607,140	1,678,486
Public Affairs	13,675,389	14,563,897
Safety & Security	15,426,938	17,205,999
Information Technology	9,068,790	9,761,475
Finance & Administration	15,612,379	15,480,932
Labor Relations & Human Resources	3,233,905	3,494,151
Legal Services	2,076,594	2,257,172
Operations	341,625,969	340,800,955
Capital Projects	9,063,340	10,508,489
Debt Service[3]	35,729,000	40,648,000
Regional Fund Exchanges	0	3,021,148
OPEB & Pension UAAL	48,724,533	51,120,134
Total	495,843,977	510,540,838
Contingency	11,330,319	15,316,225
Pass Through Requirements	6,370,000	4,396,589
Capital Programs	111,503,339	127,897,216
Light Rail Programs	386,417,196	153,451,994
Project Interim Financing	0	0
Ending Fund Balance	167,174,086	264,103,641
Total Requirements	$ 1,178,638,917	$ 1,075,706,503

(1) Budget, including budget transfers, authorized by the Board on May 27, 2015.
(2) Budgeted beginning fund balance is updated annually in the budget process to reflect the most recent projections, thus budgeted beginning fund balance for FY 2016 is not equal to budgeted ending fund balance for FY 2015.
(3) Includes debt service on the 2013 FFGA Bonds that is not being capitalized.

Source: TriMet.

Financial Tables

TriMet's historical financial data including combining balance sheets and statements of revenues, expenses and changes in net assets are shown in Tables A-4 and A-5. The historical financial data shown in Tables A-4 and A-5 were derived from TriMet's audited financial statements for FYs 2012 through 2015.

TABLE A-4
SUMMARY OF TRIMET STATEMENTS OF NET POSITION
FOR FISCAL YEARS ENDED JUNE 30
($000s)

	2012	2013	2014	2015
Assets				
Current Assets (unrestricted)				
Cash & cash equivalents	$ 134,864	$ 69,841	$ 111,620	$ 56,522
Investments	8,284	19,729	0	11,359
Taxes & other receivables	83,326	86,725	92,552	88,342
Grants receivable	1,795	9,924	1,647	24,843
Prepaid expenses	7,675	4,821	7,676	12,483
Current Assets (restricted) [1]				
Cash & cash equivalents	26,474	75,345	93,456	32,796
Investments	224,141	387,962	222,857	151,283
Taxes & other receivables	893	377	75	656
Grants receivable	4,700	101,166	2,308	3,508
Prepaid expenses	1,209	1,252	1,203	1,033
Prepaid lease	13,556	4,352	674	10,956
Total Current Assets	506,917	761,494	534,068	393,781
Capital Assets				
Land and other	208,485	223,287	229,964	232,347
Construction in progress	316,186	657,651	944,701	1,126,782
Property & equipment	2,828,588	2,842,742	2,909,073	2,950,866
Less accumulated depreciation	(1,111,574)	(1,171,026)	(1,229,213)	(1,298,485)
Net Capital Assets	2,241,685	2,552,654	2,854,525	3,011,510
Prepaid lease expenses	163,124	102,659	85,836	80,141
Long-term restricted lease deposit	41,790	40,788	43,156	35,376
Materials, supplies & other	20,640	21,557	23,159	26,572
Other assets	2,245	5,455	5,386	1,836
Total Assets	2,976,401	3,484,607	3,546,130	3,549,216
Deferred outflows of resources				
Unamortized loss on pension assets	29,962	35,310	49,590	55,545
Unamortized loss on refunded debt	1,968	883	670	419
Total deferred outflows of resources	31,930	36,193	50,260	55,964
Total assets and deferred outflows of resources	$ 3,008,331	$ 3,520,800	$ 3,596,390	$ 3,605,180

[Table continued on next page]

TABLE A-4
SUMMARY OF TRIMET STATEMENTS OF NET POSITION
FOR FISCAL YEARS ENDED JUNE 30
($000s)

[Table continued from prior page]

	2012	2013	2014	2015
Liabilities				
Current liabilities (unrestricted)				
Accounts payable	$ 19,707	$ 15,028	$ 22,510	$ 16,481
Accrued payroll	27,581	25,811	26,664	24,917
Current portion of non-current liabilities	6,030	12,890	7,957	8,195
Unearned revenue	13,832	12,457	17,056	18,794
Current liabilities (restricted)				
Accounts payable	36,466	41,988	57,799	10,262
Current portion of long-term debt	26,369	17,792	18,539	19,349
Unearned revenue	1,000	1,000	1,000	1,000
Unearned capital project revenue	164,144	152,676	152,836	35,839
Other accrued liabilities	4,676	9,266	6,988	6,732
Unearned lease revenue, current portion	13,556	4,352	674	10,956
Total current liabilities	313,361	293,260	312,023	152,525
Noncurrent liabilities				
Long-term debt	319,122	751,883	713,746	685,783
Unearned lease revenue	22,160	16,681	16,007	5,051
Long-term lease liability	143,595	81,390	66,967	65,727
Net pension liability	300,184	239,210	186,470	177,449
Other postemployment benefits liability	290,554	355,793	430,867	475,009
Other long-term liabilities	7,805	9,749	12,472	12,101
Total noncurrent liabilities	1,083,420	1,454,706	1,426,529	1,421,120
Total liabilities	1,396,781	1,747,966	1,738,552	1,573,645
Deferred inflows of resources				
Unamortized gain on pension investments	4,870	29,341	67,914	62,186
Unamortized gain on leases	21,591	20,517	19,444	18,370
Total deferred inflows of resources	26,461	49,858	87,358	80,556
Net Position				
Net investment in capital assets	1,938,543	1,867,361	2,214,210	2,416,392
Restricted	28,318	306,174	40,171	52,216
Unrestricted	(381,772)	(450,559)	(483,901)	(517,629)
Total net position	1,585,089	1,722,976	1,770,480	1,950,979
Total liabilities, deferred inflows of resources & net position	$ 3,008,331	$ 3,520,800	$ 3,596,390	$ 3,605,180

(1) Certain proceeds of TriMet's bonds as well as resources for their repayment are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by bond covenants.

Source: TriMet. Derived from TriMet's Audited Financial Statements for FYs 2012 through 2015. This summary is not audited.

TABLE A-5
SUMMARY OF TRIMET STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR FISCAL YEARS ENDED JUNE 30
($000s)

	2013	2014	2015
Revenues			
Operating revenues			
Passenger revenue	$ 112,500	$ 114,618	$ 116,734
Auxiliary transportation & other revenue	40,198	42,376	36,701
Total operating revenues	152,698	156,994	153,435
Operating expenses			
Labor	129,385	132,531	139,920
Fringe benefits	204,019	197,793	166,847
Materials and services	91,893	99,139	82,913
Utilities	7,671	8,097	8,573
Purchased transportation	40,845	43,071	36,396
Depreciation expense	78,955	88,567	91,555
Other operating expense	14,938	9,167	10,340
Total operating expenses	567,706	578,365	536,544
Operating loss	(415,008)	(421,371)	(383,109)
Nonoperating revenues and (expenses)			
Payroll tax and other tax revenue	259,233	275,357	292,077
Grant revenue	96,629	89,472	47,596
Interest income	411	332	464
Net leveraged lease expense	(240)	(317)	(206)
Interest and other expense	(9,914)	(7,608)	(2,703)
Total nonoperating revenues, net	346,119	357,236	337,228
Loss before contributions	(68,889)	(64,135)	(45,881)
Capital contributions	206,775	111,639	226,380
Changes in net position	137,886	47,504	180,499
Cumulative effect of restatement [1]	(235,431)		
Total net position-beginning	1,820,521	1,722,976	1,770,480
Total net position-ending	$ 1,722,976	$ 1,770,480	$ 1,950,979

[1] TriMet adopted GASB Statement 68 in FY 2014. The statement established accounting standards for employers and public pension plans including reporting of the Net Pension Liability on the Statement of Net Position. This implementation resulted in a restatement of Beginning net position for FY 2013.

Source: TriMet. Derived from TriMet's Audited Financial Statements for FYs 2012 through 2015. This summary is not audited.

Management's Discussion of Financial Results

To address the impact of the financial recession, TriMet underwent a series of cost reductions through service cuts, non-union wage and hiring freezes, administrative layoffs, and deferral of capital purchases to balance its budgets. The TriMet Board also recognized the importance of developing a financial strategy to minimize the impact of future downturns. In July 2014, TriMet adopted a Strategic Financial Plan (the "SFP") that re-affirmed its commitment to maintain and grow service and ensure long-term financial health. The SFP is a set of financial guidelines that focus on dedicating a revenue stream to grow service, keeping costs in check, maintaining appropriate financial reserves, protecting TriMet assets and creating a plan to fully fund pension trusts and reduce post-employment benefits liabilities.

In 2014, TriMet successfully completed labor negotiations and achieved a multi-year union labor contract with terms that provide for more fiscal stability related to employee benefits. See "Staff and Bargaining Units" above. As the economy has strengthened, TriMet implemented service restoration in FY 2014, and has begun improvements in maintenance and capital replacement. The efforts made during the financial recession combined with an improved economy, have improved the financial condition of TriMet. For additional information concerning FYs ended June 30, 2014 and 2015, see "Management's Discussion and Analysis" set forth in Appendix B "Audited Financial Statements for Fiscal Years Ended June 30, 2015 and 2014."

All amounts set forth below have been rounded.

In FY 2015, total payroll taxes and other tax revenues increased $16.7 million, or 6.1 percent, compared to FY 2014, due to the underlying growth of employer payroll taxes as the economy continued to strengthen. For information about potential additional increases to the payroll tax rate, see "THE SPECIFIED TAX REVENUES—Revenue Sources—Payroll Taxes and Self-Employment Taxes" in the forepart of this Official Statement.

At June 30, 2015, total assets were $3,549.2 million, an increase of $3.1 million, or 0.1 percent, compared to June 30, 2014. At June 30, 2014, total assets were $3,546.1 million, an increase of $61.5 million, or 1.8 percent, compared to June 30, 2013. The increases for FY 2015 were mainly due to increases in fixed assets related to the construction of the PMLR project.

For FY 2015, passenger revenues were $116.7 million, increasing $2.1 million compared to FY 2014. There were no fare increases during the FY 2015. Passenger revenues were $114.6 million for FY 2014, an increase of $2.1 million or 1.9 percent, over FY 2013.

In FY 2015, total operating expenses were $536.5 million, a decrease of $41.8 million, or 7.2 percent compared to FY 2014. Labor and Fringe benefit costs make up 56.9 percent of total expenses, and totaled $306.8 million for FY 2015, a decrease of $23.6 million, or 7.1 percent. In FY 2014, total operating expenses were $578.4 million, an increase of $10.7 million, or 1.9 percent compared to FY 2013.

At June 30, 2015, total net position was $1,951.0 million, an increase of $180.5 million, or 10.2 percent compared to June 30, 2014. This increase primarily resulted from construction on the PMLR project during the year. At June 30, 2014, total net position was $1,770.5 million, an increase of $47.5 million, or 2.8 percent from June 30, 2013.

Capital contributions include federal grants and other local government contributions restricted for the purchase or construction of capital assets. TriMet received capital contributions of $226.4, during FY 2015, primarily supporting the construction of the PMLR project. In FY 2014, TriMet recorded $111.6 million in capital contributions, of which $100 million was a draw on Federal Funds for the PMLR project.

At June 30, 2015, the TriMet had invested $3,011.5 million in capital assets, net of accumulated depreciation. Total capital assets, net of depreciation, increased $157.0 million, or 5.5 percent compared to June 30, 2014. Total net capital assets were $2,854.5 million at June 30, 2014, an increase of $301.9 million or 11.8 percent. These increases included construction on the PMLR project, addition of new buses to TriMet's fleet, and other equipment purchases. For additional information concerning the TriMet's capital assets, see Note 4 to the audited financial statements attached as Appendix B to this Official Statement.

Cash, Cash Equivalents and Investments

ORS Chapter 294 authorizes TriMet to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, certain bankers' acceptances and corporate indebtedness, repurchase agreements, the State of Oregon Local Government Investment Pool (the "LGIP"), time certificates of deposits and various interest-bearing bonds of State municipalities. As of June 30, 2015, TriMet had the following investments:

TABLE A-6
CASH AND INVESTMENTS AS OF JUNE 30, 2015
($000s)

	Fair Value	% of Portfolio	Weighted Average Maturity (years)
Cash on hand	$ 400	0.2%	-
Demand deposits with financial institutions	31,805	12.6	-
State of Oregon local government investment pool	26,696	10.6	-
Federal Home Loan Bank	20,000	7.9	0.04
U.S. Treasuries	173,059	68.7	0.36
Total Cash and Investments	$ 251,960[(1)]		

(1) Includes $184.1 million of restricted cash and investments.
Source: TriMet.

TriMet's investment policy, interest rate risk, credit risk and concentration of credit risk are described in Note 2 of TriMet's audited financial statements in Appendix B.

Lease Transactions

TriMet currently is a party to four sets of leveraged leases (the "Leases"). Two sets are expected to terminate in the current FY, one is scheduled to terminate in FY 2017 and one set (the "2005 Leases") is scheduled to remain in effect until 2038. The four Leases are all that remain outstanding of eleven leveraged lease transactions that TriMet entered into between 1997 and 2005, each with approval from the U.S. Department of Transportation. The Leases are not secured by a pledge of or lien on the Specified Tax Revenues and are described in greater detail in Appendix B. See APPENDIX B—"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014– Notes to Financial Statements, 8. Lease Transactions at pp 40-42."

Leases that Terminate in FY 2016 and FY 2017

Two sets of lease transactions are expected to terminate in FY 2016, and one lease is scheduled to terminate in FY 2017. Termination will require payments of approximately $67.8 million. These payments are expected to be made by American International Group, Inc., which has fully collateralized its payment obligations for these Leases. However, under certain circumstances TriMet could be required to post security and make any payments that are not made by AIG. See APPENDIX B—"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014– Notes to Financial Statements, 8. Lease Transactions at pp 40-42."

The 2005 Leases

During 2005, TriMet entered into the 2005 Leases, consisting of sale-leaseback transactions for 28 light rail vehicles. The 2005 Leases do not terminate until 2038 and will require periodic payments totaling $170.4 million. All these payments were originally expected to be made by third parties. Currently about $91.0 million of these payments are expected to be paid by Assured Guaranty as successor to Financial Security Assurance, an additional $68.8 million of US Treasuries have been set aside in trust to make these payments, and TriMet is expected to pay a total of $10.6 million, with the next scheduled payment of $0.2 million from TriMet due in January 2020. However, under certain circumstances TriMet could be required to post security and make any payments that are not made by FSA or from the collateral. See APPENDIX B—"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014– Notes to Financial Statements, 8. Lease Transactions at pp 40-42."

Debt Management Policy

It is the policy of TriMet to adhere to sound debt issuance practices, including a commitment to long-term capital and financial planning, full and timely repayment of all borrowings; to achieve the lowest practical cost of borrowing commensurate with prudent level of risk; and to maintain access to capital markets through preserving and enhancing the quality of TriMet's borrowings.

TriMet's Board adopted the most recent version of the Debt Management Policy in April 2014. The policy includes the following guidelines:

- TriMet may issue long-term or short-term debt. When debt is issued to finance capital acquisitions, the term of debt should not exceed the estimated useful life of the asset being financed up to a maximum term of 25 years.

- Senior Lien Payroll Tax and Full Faith and Credit Bonds are limited via a comparison of debt service payments as a percentage of projected continuing revenues. Projected debt service on TriMet's Senior Lien Payroll Tax Bond, Lease payments and Full Faith and Credit Bonds shall remain below 6.0 percent of TriMet's projected continuing revenues until TriMet begins to replace or add to the light rail vehicle fleet.

- The method of sale will be determined in consultation with TriMet's independent financial advisor, with the objective of providing TriMet with the lowest overall cost of financing and most efficient market access.

TriMet's Debt Management Policy is subject to change at any time by Board action.

Pension Responsibilities

TriMet contributes to two single-employer defined contribution plans — the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the "Management DC Plan") and the TriMet Defined Contribution Plan for Union-Represented Employees (the "Union DC Plan"); TriMet also contributes to two single-employer defined benefit public employee retirement plans — the TriMet Defined Benefit Retirement Plan for Management and Staff Employees (the "Management DB Plan") and the Pension Plan for Bargaining Unit Employees of TriMet (the "Bargaining Unit DB Plan"). In a defined benefit plan, the investment risk for the plan assets is borne by the employer, and in a defined contribution plan, the investment risk for the plan assets is borne by the employee. TriMet contributions plus investment earnings fund TriMet's defined benefit plans, and a combination of employee and TriMet contributions plus investment earnings fund the defined contribution plans.

The Management DC Plan covers all TriMet non-union employees hired on or after April 27, 2003 and also non-union employees hired earlier who elected to be covered by the Management DC Plan. The Management DB Plan covers all TriMet non-union employees hired before April 27, 2003 (other than those who elected to be covered under the Management DC Plan for service after April 27, 2003). The Bargaining Unit DB Plan covers all full-time and part-time employees hired prior to August 1, 2012.

The Union DC Plan covers all full time and part time employees represented by the ATU who are hired on or after August 1, 2012. The Management DC Plan and the Union DC Plan are administered by a third-party administrator, ICMA-RC, and are overseen by an administrative committee appointed by the TriMet Board.

Each DB Plan is overseen by a separate board of trustees (the "plan trustees"). The TriMet Board appoints four plan trustees in the case of the Management DB Plan. The Bargaining Unit DB Plan has six trustees: three are appointed by the TriMet Board and three are appointed by the ATU.

The actuarial value of assets and liabilities and annual required contributions of each of the Management DB Plan and the Bargaining Unit DB Plan are determined by independent actuaries appointed by the DB Plan trustees and are based upon assumptions approved by the respective plan trustees. Milliman, Inc. ("Milliman") prepared the actuarial valuation reports for the Management DB Plan as of June 30, 2015 (the "2015 Management DB Plan Valuation Report"), and the Bargaining Unit DB Plan as of July 1, 2015 (the "2015 Bargaining Unit DB Plan Valuation Report").

As noted below and in the Audited Financial Statements attached hereto, the funded status of the defined benefit plans will change over time depending upon, among other things, the market performance of the investments of each plan, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of the plans. No assurance can be given that unfunded accrued actuarial liabilities of the plans will not materially increase.

In FY 2014, TriMet adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions.* This statement established standards for the measurement and recognition and presentation of Net Pension Liability in TriMet's financial statements. Net Pension Liabilities recorded at June 30, 2014 and 2015 for the Management DB Plan and the Bargaining Unit DB Plan totaled $186.5 million and $177.4 million, respectively.

Management DC Plan. Under the Management DC Plan, TriMet contributes to the Management DC Plan 8.0 percent of considered compensation each pay period for eligible employees. Employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Voluntary, after-tax employee contributions, up to 15 percent of compensation, are allowed and may be adjusted by the employee at any time. Plan participants fully vest in TriMet's contributions after three years of service with TriMet. Upon severance from employment, TriMet is required to contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the Management DC Plan.

As of June 30, 2015, 300 active employees were covered by the Management DC Plan, and TriMet contributions and employee contributions in FY 2015 were $1.9 million and $0.7 million, respectively.

Union DC Plan. Union employees hired on or after August 1, 2012 are eligible for the Union DC Plan, which has similar features of the Management DC Plan. TriMet is obligated to make a contribution to the Union DC Plan 8.0 percent of considered compensation to the Union DC Plan. Employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Union DC Plan on a pretax basis. Additionally, voluntary, after-tax employee contributions, up to 15 percent of compensation, are allowed and may be adjusted by the employee at any time. Plan participants fully vest in TriMet's contributions after three years of service with TriMet. Upon severance from employment, TriMet is required to contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the Union DC Plan.

As of June 30, 2015, 672 active employees were covered by the Union DC Plan and TriMet contributions and employee contributions in FY 2015 were $1.4 million and $0.8 million, respectively.

Management DB Plan. The Management DB Plan covers all TriMet non-union employees hired before April 27, 2003 who are not covered by the Management DC Plan. Participation began at the date of hire with benefits being 100 percent-vested after five years of service. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit payable monthly for life. Covered employees also have the option to receive their benefits as a lump sum upon retirement. Those receiving benefits monthly receive an annual cost of living increase equal to 90 percent of the annual change in the U.S. Consumer Price Index up to a maximum of 7 percent.

Benefits vary based upon final average salary, job classification, date of hire and converted, unused sick leave computations. TriMet is required to maintain funds under the Management DB Plan sufficient to pay benefits when due. No employee contributions are required or permitted under the Management DB Plan.

The funding policy of the Management DB Plan provides for an actuarially determined contribution (the "ADC"). The ADC is comparable to the Annual Required contribution (the "ARC"), and the change in terminology is due to the implementation of GASB 68. The ADC consists of two components: the normal cost for the year (generally, the actuarial present value of benefits attributed to employee service performed during the current year) and an amount required to amortize the past service liabilities of the plan. The normal cost is determined as the level percentage of pay over the length of service of each active employee between entry age and assumed exit age. Historically, TriMet has paid at least the ARC for the plan on an annual basis. In FY 2014, TriMet began funding the ADC on a monthly basis.

For purposes of the actuarial valuation for FY 2015, TriMet and the plan actuary used an assumed future net rate of return of 6.5 percent. Other assumptions used in the 2015 Management DB Plan Valuation Report include an annual cost of living increase of 2.475 percent and annual salary increases of 2.75 percent.

TABLE A-7
MANAGEMENT DB PLAN
NET PENSION LIABILITY ($000s)

	Actuarial Valuation Date			
	June 30, 2012	**June 30, 2013**	**June 30, 2014**	**June 30, 2015**
Total pension liability	$ 113,750	$ 121,918	$ 123,740	$ 129,132
Plan fiduciary net position (Market value of plan assets)	74,978	91,335	107,119	111,100
Plan fiduciary net position as a percent of total pension liability	65.9%	74.9%	86.6%	86.0%
Annual covered payroll	$ 14,869	$ 14,200	$ 13,142	$ 12,751
Net pension liability	38,772	30,583	16,621	18,032
Net pension liability as a percentage of payroll	260.8%	215.4%	126.5%	141.4%
Actuarially Determined Contribution (the "ADC")	$ 6,216	$ 6,491	$ 4,957	$ 4,219
Contributions	3,008	9,776	5,602	6,559
Contributions excess (deficiency)	(3,208)	3,285	645	2,340
Contributions as a percent of covered payroll	20.2%	68.8%	42.6%	51.4%

Source: TriMet. Derived from TriMet's Audited Financial Statements for FYs 2012 through 2015. This summary is not audited. See Note 12 in APPENDIX B-"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014" for data.

Bargaining Unit DB Plan. The Bargaining Unit DB Plan covers all full-time and part-time employees represented by the ATU who were hired before August 1, 2012. Union employees in the Bargaining Unit DB Plan begin to participate on their date of hire with benefits being 100 percent vested after 10 years of service. Covered members retiring at or after age 58 with 10 or more years of service receive a monthly benefit for life that is the product of a benefit multiplier and years of service, with annual cost of living adjustments each May 1 based upon the US Urban Wage Earners and Clerical Workers Consumer Price Index. Each February 1, the retirement benefit multiplier is also adjusted based upon the amount of any general wage adjustments received by bargaining unit employees during the previous 12 months.

The benefit multiplier (monthly amount per year of service) for covered members retiring on or after February 1, 2015, is $81.34 per month. No employee contributions are required or permitted under the Bargaining Unit DB Plan.

Pursuant to the terms of the 2015 Agreement, TriMet is required to fund the Bargaining Unit DB Plan in accordance with actuarial principles, amortizing past service liabilities over a period of 40 years or less. The funding policy of the Bargaining Unit DB Plan provides for an ADC. Historically, TriMet has paid at least the ARC for the plan on an annual basis. In FY 2014, TriMet began funding the ADC on a monthly basis.

For purposes of the actuarial valuation for FY 2014, TriMet and the Plan actuary used an assumed future rate of return of 7.0 percent. Other assumptions used in the valuation include inflation of 2.75 percent and annual salary increases of 2.75 percent.

TABLE A-8
BARGAINING UNIT DB PLAN
NET PENSION LIABILITY ($000s)

	Actuarial Valuation Date			
	June 30, 2012	**June 30, 2013**	**June 30, 2014**	**June 30, 2015**
Total pension liability	$ 542,269	$ 574,616	$ 618,228	$ 625,233
Plan fiduciary net position (Market value of plan assets)	280,856	365,989	448,379	465,815
Plan fiduciary net position as a percent of Total pension liability	51.8%	63.7%	72.5%	74.5%
Annual covered payroll	$ 125,142	$ 125,143	$ 124,696	$ 116,556
Net pension liability	261,413	208,627	169,849	159,418
Net pension liability as a percentage of payroll	208.9%	166.7%	136.2%	136.8%
Actuarially determined contribution (the "ADC")	$ 32,224	$ 34,638	$ 35,553	$ 31,926
Contributions	35,853	36,766	48,689	37,793
Contributions excess (deficiency)	3,629	2,128	13,136	5,867
Contributions as a percentage of covered payroll	28.6%	29.4%	39.0%	32.4%

Source: TriMet. Derived from TriMet's Audited Financial Statements for FYs 2012 through 2015. This summary is not audited. See Note 13 in APPENDIX B-"AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014" for data.

Other Post-Employment Benefit Responsibilities

TriMet provides post-employment health care and life insurance benefits ("OPEB"), in accordance with the Working and Wage Agreement for union employees and TriMet's personnel policies to all eligible employees and their qualified dependents, who retire from TriMet on or after attaining age 55 with service of at least 10 years for union employees hired before October 24, 2014 and five years for non-union employees hired before April 27, 2003 and 10 years for non-union employees hired between April 27, 2003 and April 30, 2009. TriMet pays a portion of the premiums for primary medical and hospitalization, dental and vision benefits for eligible retirees and spouses. TriMet-provided benefits are secondary to Medicare benefits, where applicable, and pays the Medicare part B premium for eligible union retirees. TriMet provides a $10,000 life insurance benefit to union retirees and to eligible non-union retirees hired before May 1, 2009. There were 2,285 and 2,216 union and non-union retirees, dependents, and surviving spouses receiving the post-employment health care and life insurance benefits at January 1, 2015 and 2014, respectively.

TriMet no longer pays retiree medical premiums for non-union employees hired after April 2009. TriMet pays a monthly stipend for retired union employees under the age of 65 who were hired on or after October 24, 2014. Oregon law requires that TriMet permit such retirees and their dependents to continue to receive health insurance by paying the premiums themselves at a rate that is blended with the rate for current employees until the retirees and spouses are eligible for federal Medicare coverage and until children reach the age of 18.

TriMet paid the costs of postemployment healthcare and life insurance benefits totaling $17.6 million and $16.0 million in FYs 2015 and 2014, respectively. TriMet has also created a trust fund for future net OPEB obligations. An initial deposit was made to the fund in June 2012 of $400,000.

TriMet retained an independent actuary, Milliman, Inc. ("Milliman"), to determine for accounting purposes the actuarial present value of the projected cost of TriMet's OPEB responsibilities, as well as the annual required contribution (ARC). The OPEB ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a closed period of 30 years for the valuation report as of December 31, 2014, using the following assumptions: a discount rate of 3.5 percent and health care cost increases between 5.25 percent annually and 6.75 percent annually for the major medical component; a funding method of entry age normal, with normal cost developed as a level percentage of payroll, and amortization of the UAL using the level-dollar method with a closed-group 30-year amortization methodology. Table A-9 below presents components of TriMet's annual OPEB cost for the calendar years beginning January 1, 2015, 2014, 2013 and 2012 and a schedule of funding progress.

TABLE A-9
TRIMET OPEB COSTS ($000s)

	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
Actuarial Accrued Liability (AAL)	$ 900,541	$ 852,756	$ 949,993	$ 711,180
Actuarial Value of Assets	0	401	401	401
Funded Ratio	0.0%	0.0%	0.0%	0.0%
Market Value of Assets	$ 0	$ 401	$ 401	$ 401

ANNUAL REQUIRED CONTRIBUTION (ARC)
($000s)

	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015
Total Annual Required Contribution (ARC)	$ 83,279	$ 81,869	$ 94,145	$ 73,999
Covered payroll	151,448	151,180	145,469	154,966
ARC as a percentage of pay	55.0%	54.2%	64.7%	47.8%
Contributions made	$ 16,655	$ 15,649	$ 16,020	$ 17,617

Source: TriMet; based on actuarial valuations and other post-employment benefits (OPEB) as of January 1, 2015 in accordance with GASB Statement No. 45.

Secretary of State Audit of TriMet

In January 2014, in response to 2013 state legislation requiring an examination of TriMet, the Oregon Secretary of State conducted a high-level examination of TriMet in the following areas: Governance and Management; Financial Condition; Internal Communication and Labor Management Relations; External Communications and Relations; Managing Operations Hiring, Training and Evaluations; and Safety. The examination, which was not a financial audit, resulted in twenty-three specific recommendations, each of which TriMet implemented over the course of the 2014 calendar year. Information relating to the Oregon Secretary of State's examination and TriMet's response is contained in the "Transparency and Accountability Center" of TriMet's website.

Initiative and Referendum Process

The State Constitution, Article IV, Section 1, reserves to the (1) 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 and the referendum power to approve or reject at an election certain acts passed by the Legislative Assembly, and (2) to voters in TriMet the initiative and referendum power as to legislation of TriMet.

State Initiative Measures

State law permits any person to file a proposed initiative with the Secretary of State's office without payment of fees or other burdensome requirements. To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Although a large number of initiative measures are submitted, a much smaller number of petitions contain sufficient signatures to qualify for the ballot. For the 2016 general election, the requirements are eight percent (117,578 signatures) for a constitutional amendment measure and six percent (88,184 signatures) for a statutory initiative.

State Referendum Petitions

Within 90 days after the end of a legislative session, any person may file a petition seeking to have any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session referred to the voters for their approval or rejection at the next general election, or at a special election provided for by the Legislative Assembly. To place a proposed referendum on the ballot, the proponents must submit to the Secretary of State within 90 days after the end of the legislative session referendum petitions signed by the number of qualified voters equal to four percent 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 elections held in 2016, the signature requirement is 58,789 signatures. Any elector may sign a referendum petition for any measure on which the elector is entitled to vote. An act approved by the voters through the referendum process becomes effective 30 days after the date of the election at which it was approved. A referendum on part of an act does not prevent the remainder of the act from becoming effective as provided in the act.

Local Measures

The TriMet Board has the power to create local legislation by enacting ordinances. Regular ordinances can be referred to a vote if a petition is signed by a number of TriMet voters that is at least equal to four percent of the number of TriMet voters who voted in the last election for Governor of the State of Oregon (approximately, 23,100 signatures), and filed no later than ninety days after the TriMet Board enacts the regular legislation. Emergency legislation is not subject to referral, and tax legislation cannot be enacted by emergency ordinance. The voters of TriMet also may initiate legislation by filing petitions signed by a number of TriMet voters that is at least equal to six percent of the number of TriMet voters who voted in the last election for Governor of the State of Oregon (approximately, 34,500 signatures). Initiative petitions are placed on the ballot on the next available election date. Oregon law currently authorizes elections four times each year, in March, May, September and November. A larger number of signatures is required to refer or initiate legislation affecting TriMet routes, schedules or fare changes. No initiative or referendum petitions are currently being circulated to initiate or refer TriMet legislation.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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TRIMET

Report of Independent Auditors and
Financial Statements with Supplementary Information
June 30, 2015 and 2014


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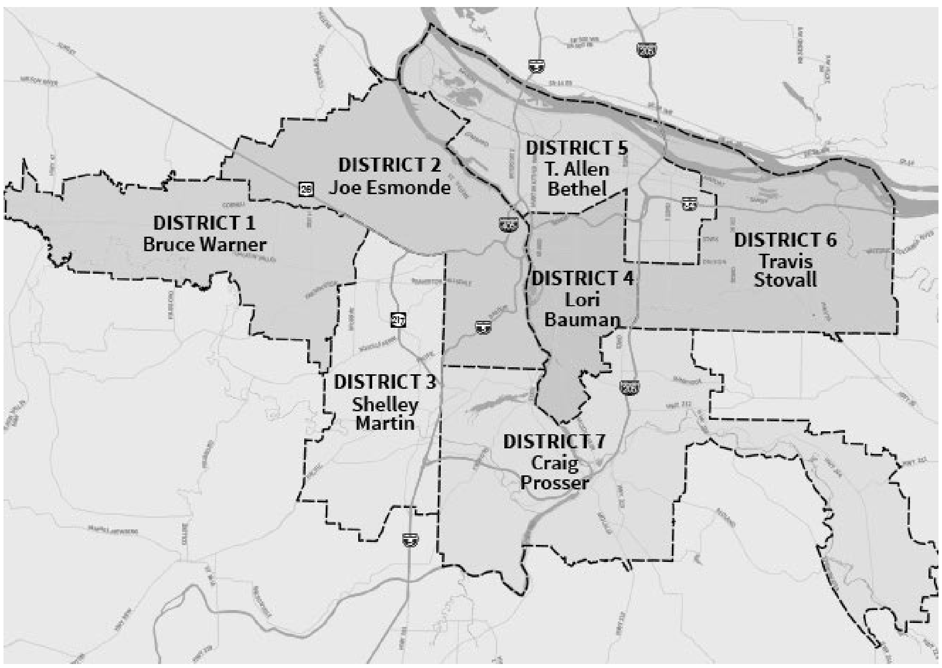
Board of Directors

Name	District
Bruce Warner, President	#1
Joe Esmonde	#2
Shelley Martin	#3
Lori Irish Bauman	#4
Dr. T. Allen Bethel	#5
Travis Stovall	#6
Craig Prosser	#7



Board of Directors	1800 S.W. 1st Avenue, Suite 300 Portland, Oregon 97201
General Manager	Neil McFarlane 1800 S.W. 1st Avenue, Suite 300 Portland, Oregon 97201
General Counsel and Registered Agent	Shelley Devine 1800 S.W. 1st Avenue, Suite 300 Portland, Oregon 97201

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TRI MET

Financial Section

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Tri-County Metropolitan Transportation District of Oregon

Report on the Financial Statements

We have audited the accompanying statements of net position of the Enterprise Fund and statements of fiduciary net position of the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees and total trust fund (pension plan trust funds) of Tri-County Metropolitan Transportation District of Oregon (the District or TriMet), as of June 30, 2015 and 2014, and the statements of revenues, expenses, and changes in net position and cash flows of the Enterprise Fund for the years ended June 30, 2015 and 2014, and the statements of changes in fiduciary net position of the Pension Plan Trust Funds for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

REPORT OF INDEPENDENT AUDITORS (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund, the Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees and total trust fund of TriMet as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the Enterprise Fund, Retirement Plan for Management and Staff Employees, Pension Plan for Bargaining Unit Employees, and total trust fund of TriMet for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, changes in net pension liability and related ratios, pension contributions, and investment returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information, the schedule of property tax levies and collections last five fiscal years, and schedule of property tax transactions and outstanding balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

REPORT OF INDEPENDENT AUDITORS (continued)

The budgetary comparison information, the schedule of property tax levies and collections last five fiscal years, and schedule of property tax transactions and outstanding balances is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, the schedule of property tax levies and collections last five fiscal years, and schedule of property tax transactions and outstanding balances is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Moss Adams LLP

Moss Adams LLP
Portland, Oregon
August 26, 2015

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Management's Discussion and Analysis

(dollars in thousands)

This section provides an overview and analysis of key data presented in the basic financial statements of Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "the District") for the fiscal years ended June 30, 2015 and 2014, including the District operations within the Enterprise Fund, the TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund and the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund ("the Trust funds"). The Enterprise Fund accounts for all activities and operations of the District except for the activities included within the Trust funds. The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the non-union employee benefit plan held by the District in a trustee capacity. The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the union employee benefit plan held by the District in a trustee capacity. Information within this section should be used in conjunction with the basic financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

TriMet, a public corporation in the State of Oregon, is a regional transit authority providing a high-capacity transportation system throughout parts of Multnomah, Washington and Clackamas Counties through light rail ("MAX"), commuter rail ("WES"), Streetcar, and bus transportation systems.

In accordance with requirements set forth by the Governmental Accounting Standards Board (GASB), the District's financial statements employ the accrual basis of accounting in recognizing increases and decreases in economic resources. Accrual accounting recognizes all revenues and expenses incurred during the year, regardless of when cash is received or paid.

The basic financial statements, presented on a comparative format for the years ended June 30, 2015 and 2014, are comprised of:

Statement of Net Position – The District presents its statement of net position using the balance sheet format. The statement reflects assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District. Net position is separated into three categories: net investment in capital assets, net position – restricted, and net position – unrestricted.

Statement of Revenues, Expenses and Changes in Net Position – This statement reflects the transactions that have increased or decreased the District's total economic resources during the fiscal year. Revenues are presented net of allowances and are summarized by major source. Revenues and expenses are classified as operating or non-operating based on the nature of the transaction.

Statement of Cash Flows – This statement presents the sources and uses of cash separated into four categories of activities: operating, noncapital financing, capital and related financing, and investing.

The notes to the financial statements, presented at the end of the basic financial statements, are considered an integral part of the District's presentation of financial position, results of operations, and changes in cash flows.

The District adopted GASB Statements No. 67 and 68 ("the statements") during fiscal year 2014. The statements established accounting and financial reporting standards for employers and public pension plans, including reporting of the net pension liability on the statement of net position, deferred inflows and deferred outflows associated with investment, economic and demographic gains and losses associated with the plans. GASB Statement 68 also provides guidance related to the calculation of pension expense, and resulted in restatement to the June 30, 2013 financial statements including a Net pension liability of $239,210, and decrease of $235,431 to Total net position.

ENTERPRISE FUND FINANCIAL HIGHLIGHTS

- Total operating and non-operating revenues were $493,572 for fiscal year 2015, a decrease of 5.5 percent. The decrease was the result of timing of Grant revenue authorization in fiscal year 2015. Grant revenue decreased 46.8 percent, totaling $47,596 for the fiscal year. The District anticipates authorization of the remaining operating grants in fiscal year 2016.

Management's Discussion and Analysis

continued

(dollars in thousands)

- Total payroll and other tax revenues increased $16,720, or 6.1 percent, compared to fiscal year 2014. Employer payroll tax revenue increased $15,123, or 5.9 percent, while self employment and other tax revenues increased $1,597, over fiscal year 2014, due to the impact of the underlying growth of employer payroll taxes as the economy continued to strengthen.

  In 2004, the TriMet Board of Directors (Board) adopted Ordinance No. 279 increasing TriMet's employer payroll and self employment tax rate. The increase went into effect January 1, 2005 and was phased in over a 10 year period. The rate has increased by .0001 each January 1 since 2005 and the final increase occurred January 1, 2014, when it reached 0.007237.

  In 2009, the Legislative Assembly gave the TriMet Board the authority to increase the rate for payroll and self-employment taxes by an additional .001, in addition to any increases resulting from service area withdrawals. That legislation requires that the additional increases be phased in over ten years, prohibits any annual increase from exceeding .0002, and requires the TriMet Board to find, before implementing any additional increase, that the economy in the District has recovered to an extent sufficient to warrant the increase in tax. As of June 30, 2015, the TriMet Board has not approved any increase authorized by the 2009 legislation.

- Grant revenue decreased $41,876, or 46.8 percent, compared to fiscal year 2014. Revenues in this category include Federal Preventive Maintenance Funds and other operating support. Revenues under these programs are recognized when the grants are approved by the granting agency and funds are appropriated. As such, the decline in revenues in the current year resulted from timing differences in grant approval during the year.

- Passenger revenue was $116,734 for the fiscal year, an increase of 1.8 percent. Pass revenue made up the majority of this increase.

- Total operating and non-operating expenses decreased 8.0 percent to $539,453, during fiscal year 2015. Labor expense increased 5.6 percent, or $7,389, due primarily to staffing increases in transportation operations and regular pay increases for employees. Fringe benefits expense decreased by $30,946, or 15.6 percent, due primarily to savings in other post employment benefits, resulting from changes in post retiree health benefits under the union contract ratified during the current fiscal year. Materials and services expenses decreased 16.4 percent, or $16,226, due primarily to savings resulting from lower diesel fuel prices, and reductions in intergovernmental transfers in the current year. Purchased transportation decreased 15.5 percent to $36,396, as a result of the termination of the medical transportation contract with the State of Oregon in December 2014.

- Total net position at June 30, 2015, was $1,950,979, an increase of 10.2 percent from 2014. The increase in net position is due primarily to an increase in net capital assets associated with the Portland to Milwaukie light rail project ("PMLR").

- Total capital assets, net of accumulated depreciation, were $3,011,510 at June 30, 2015, an increase of $156,985 from 2014. This increase was due primarily to the net impact of construction costs related to PMLR, offset by depreciation expense related to existing capital assets currently in use.

ENTERPRISE FUND FINANCIAL SUMMARY

Net Position

The District's total net position at June 30, 2015, was $1,950,979, an increase of $180,499 or 10.2 percent from June 30, 2014 (see Table 1). Total assets increased $3,086, or 0.1 percent, and total liabilities decreased $164,907 or 9.5 percent. The increase in total assets is due primarily to increases in capital assets associated with the construction of the Portland to Milwaukie light rail project ("PMLR"). The decrease in total liabilities is due primarily to decreases in Unearned capital project revenue associated with construction of PMLR, as capital contributions were recognized in conjunction with related construction costs during the year.

Management's Discussion and Analysis

continued

(dollars in thousands)

Total net position at June 30, 2014 was $1,770,480, an increase of $47,504 or 2.8 percent from June 30, 2013. Total assets increased $61,523, or 1.8 percent, and total liabilities decreased $9,414 or 0.5 percent. The increase in total assets is due primarily to increases in capital assets associated with the construction of the Portland to Milwaukie project. The decrease in total liabilities is due primarily to decreases in pension liabilities, offset by increases in Accounts Payable associated with construction costs for PMLR.

Table 1

Net Position
As of June 30
(dollars in thousands)

				Increase (decrease)			
				2015 - 2014		2014 - 2013	
	2015	2014	2013	$	%	$	%
Assets							
Current and other assets	$ 537,706	$ 691,605	$ 931,953	$ (153,899)	(22.3)%	$ (240,348)	(25.8)%
Capital assets, net of depreciation	3,011,510	2,854,525	2,552,654	156,985	5.5 %	301,871	11.8 %
Total assets	3,549,216	3,546,130	3,484,607	3,086	0.1 %	61,523	1.8 %
Deferred outflows of resources	55,964	50,260	36,193	5,704	11.3 %	14,067	38.9 %
Total assets and deferred outflows of resources	$ 3,605,180	$ 3,596,390	$ 3,520,800	$ 8,790	0.2 %	$ 75,590	2.1 %
Liabilities							
Current liabilities	$ 152,525	$ 312,023	$ 293,260	$ (159,498)	(51.1)%	$ 18,763	6.4 %
Noncurrent liabilities	1,421,120	1,426,529	1,454,706	(5,409)	(0.4)%	(28,177)	(1.9)%
Total liabilities	1,573,645	1,738,552	1,747,966	(164,907)	(9.5)%	(9,414)	(0.5)%
Deferred inflows of resources	80,556	87,358	49,858	(6,802)	(7.8)%	37,500	75.2 %
Net position							
Net investment in capital assets	2,416,392	2,214,210	1,867,361	202,182	9.1 %	346,849	18.6 %
Restricted	52,216	40,171	306,174	12,045	30.0 %	(266,003)	(86.9)%
Unrestricted	(517,629)	(483,901)	(450,559)	(33,728)	7.0 %	(33,342)	7.4 %
Total net position	1,950,979	1,770,480	1,722,976	180,499	10.2 %	47,504	2.8 %
Total net position, liabilities and deferred inflows of resources	$ 3,605,180	$ 3,596,390	$ 3,520,800	$ 8,790	0.2 %	$ 75,590	2.1 %

Current and other assets decreased $153,899, or 22.3 percent, in 2015, due primarily to decreases in Cash and investments of $175,973 compared to fiscal year 2014. The decrease was due to reductions in restricted cash related to payment for construction costs associated with the Portland to Milwaukie project, and timing delays in authorization and receipt of federal operating grants in fiscal year 2015.

Current and other assets decreased $240,348, or 25.8 percent, in 2014, due primarily to the decrease in grant receivables upon receipt of payment on the Full Funding Grant Agreement in July 2013 and decreases in restricted cash related to payment for construction costs associated with PMLR.

Management's Discussion and Analysis
continued
(dollars in thousands)

Current liabilities consist primarily of accounts payable, accrued compensation, current portion of bonds payable and unearned revenue. The decrease in current liabilities of $159,498, or 51.1 percent, in 2015 was due to decreases in unearned revenue associated with the Portland to Milwaukie project, as contributions were recognized in conjunction with related construction costs. The increase in current liabilities of $18,763, or 6.4 percent, in 2014 was due to increases in unearned revenue associated with the medical transportation program of $4,599, and increases in restricted accounts payable of $15,811 associated with construction on PMLR and bus purchases in June, offset by decreases in other accrued liabilities of $2,278.

Noncurrent liabilities consist primarily of long-term debt, long-term lease liabilities, net pension liabilities and OPEB liabilities. Noncurrent liabilities decreased $5,409, or 0.4 percent, in 2015, primarily due to decreases in Long term debt of $27,963 resulting from debt principal payments during the year, decreases in Unearned lease revenue of $10,956 as the amortization of the deferred balance transferred to a current liability, and decreases in Net pension liability of $9,021, offset by increases in OPEB liability of $44,142. Noncurrent liabilities decreased $28,177, or 1.9 percent, in 2014, primarily due to decreases in Long term debt of $38,137 resulting from debt principal payments during the year, decreases in Long term lease liabilities of $14,423 resulting from lease amortization and payments, and decreases in Net pension liability of $52,740, offset by increases in OPEB liability of $75,074.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, or improvement of those assets. When there are significant unspent bond proceeds, the proceeds are an offset to the related indebtedness.

Net position restricted includes amounts restricted for principal and interest payments of amounts due related to outstanding revenue bonds (discussed in Note 5), as well as restricted deposits related to the lease transactions (discussed in Note 8), and other funds that are restricted in purpose.

Unrestricted net position has a negative balance for both fiscal years 2015 and 2014. This resulted primarily from the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* These statements established standards for the measurement, recognition, and presentation of net pension liability and other postemployment benefits in the District's financial statements. Net pension liabilities recorded on the statement of net position in accordance with GASB Statement No. 68 totaled $177,449 and $186,470 for the years ended June 30, 2015 and 2014, respectively. Other postemployment benefit liabilities recorded on the statement of net position in accordance with GASB Statement No. 45 totaled $475,009 and $430,867 for the years ended June 30, 2015 and 2014, respectively.

Changes in Net Position

The District's total revenues decreased $28,583, or 5.5 percent, during fiscal year 2015 (see Table 2). Passenger revenue increased $2,116, or 1.8 percent, Payroll and other tax revenue increased $16,720, or 6.1 percent, and Grant revenue decreased $41,876, or 46.8 percent, due to delays in timing of appropriations as discussed above.

The District's total revenues increased $13,184, or 2.6 percent, during fiscal year 2014. Passenger revenue increased $2,118, or 1.9 percent, Payroll and other tax revenue increased $16,124, or 6.2 percent, and Grant revenue decreased $7,157, or 7.4 percent.

In fiscal year 2015, the Oregon economy showed continued growth, with jobs and income increasing as fast as was noted in the mid-2000's. While growth rates, and the trajectory of the economy have improved considerably, the state has not fully recovered from the Recession. The state's labor market is nearly two-thirds of the way back to pre-recession levels and is anticipated to reach full employment in the 2015-17 biennium. During the economic downturn, TriMet took steps to cut costs, including reduction of service. The efforts made during the financial recession combined with an improved economy, have improved the financial condition of TriMet, allowing for rebuilding of service levels and overall strengthening of the District's financial position.

Management's Discussion and Analysis

continued

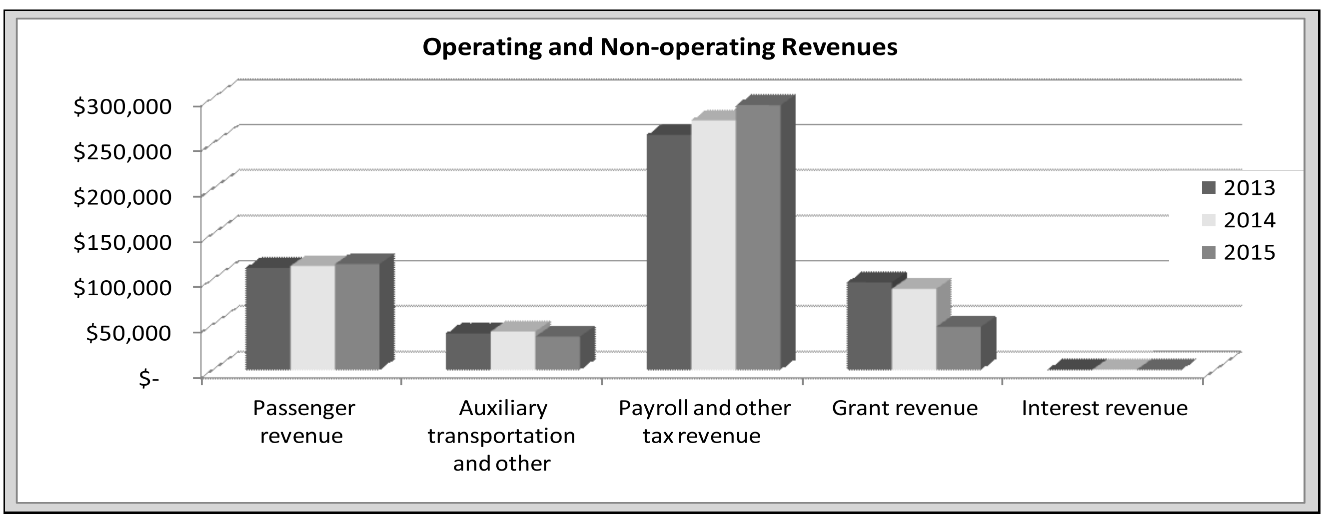
(dollars in thousands)

Table 2

Changes in Net Position
For the Years Ended June 30
(dollars in thousands)

				Increase (decrease)			
				2015 - 2014		2014 - 2013	
	2015	2014	2013	$	%	$	%
Revenues							
Operating revenues							
Passenger revenue	$ 116,734	$ 114,618	$ 112,500	$ 2,116	1.8 %	$ 2,118	1.9 %
Auxiliary transportation and other	36,701	42,376	40,198	(5,675)	(13.4)%	2,178	5.4 %
Non-operating revenues							
Payroll and other tax revenue	292,077	275,357	259,233	16,720	6.1 %	16,124	6.2 %
Grant revenue	47,596	89,472	96,629	(41,876)	(46.8)%	(7,157)	(7.4)%
Interest revenue	464	332	411	132	39.8 %	(79)	(19.2)%
Total operating and non-operating revenues	493,572	522,155	508,971	(28,583)	(5.5)%	13,184	2.6 %
Expenses							
Labor	139,920	132,531	129,385	7,389	5.6 %	3,146	2.4 %
Fringe benefits	166,847	197,793	204,019	(30,946)	(15.6)%	(6,226)	(3.1)%
Materials and services	82,913	99,139	91,893	(16,226)	(16.4)%	7,246	7.9 %
Utilities	8,573	8,097	7,671	476	5.9 %	426	5.6 %
Purchased transportation	36,396	43,071	40,845	(6,675)	(15.5)%	2,226	5.4 %
Depreciation expense	91,555	88,567	78,955	2,988	3.4 %	9,612	12.2 %
Other operating expense	10,340	9,167	14,938	1,173	12.8 %	(5,771)	(38.6)%
Net leveraged lease expense	206	317	240	(111)	(35.0)%	77	32.1 %
Interest and other expense	2,703	7,608	9,914	(4,905)	(64.5)%	(2,306)	(23.3)%
Total expenses	539,453	586,290	577,860	(46,837)	(8.0)%	8,430	1.5 %
Loss before contributions	(45,881)	(64,135)	(68,889)	18,254	(28.5)%	4,754	(6.9)%
Capital contributions	226,380	111,639	206,775	114,741	102.8 %	(95,136)	(46.0)%
Increase in net position	180,499	47,504	137,886	132,995	280.0 %	(90,382)	(65.5)%
Total net position - beginning	1,770,480	1,722,976	1,585,090	47,504	2.8 %	137,886	8.7 %
Total net position - ending	$1,950,979	$1,770,480	$ 1,722,976	$ 180,499	10.2 %	$ 47,504	2.8 %

The following chart displays trends in Operating and Non-operating Revenues for the last three fiscal years:

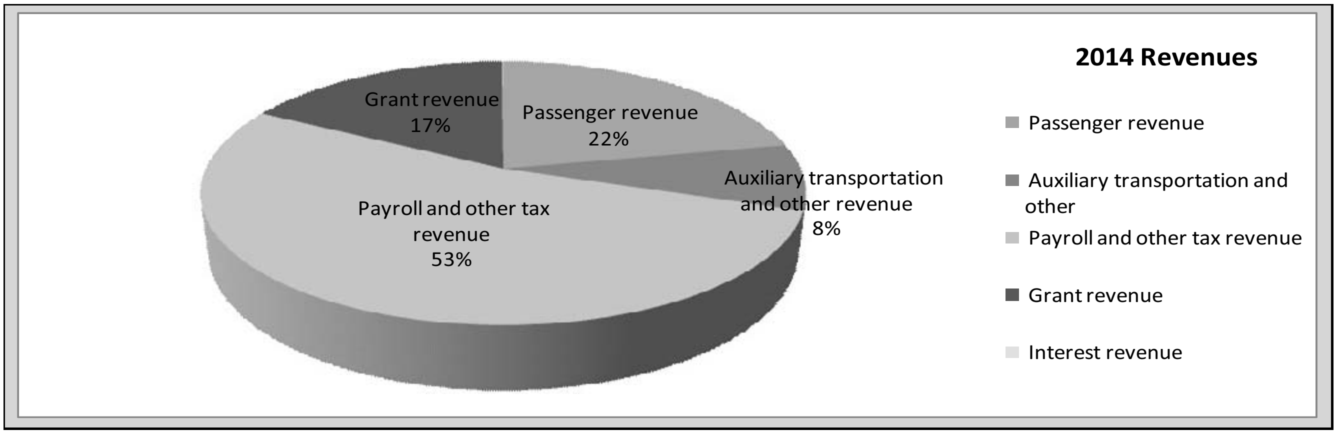


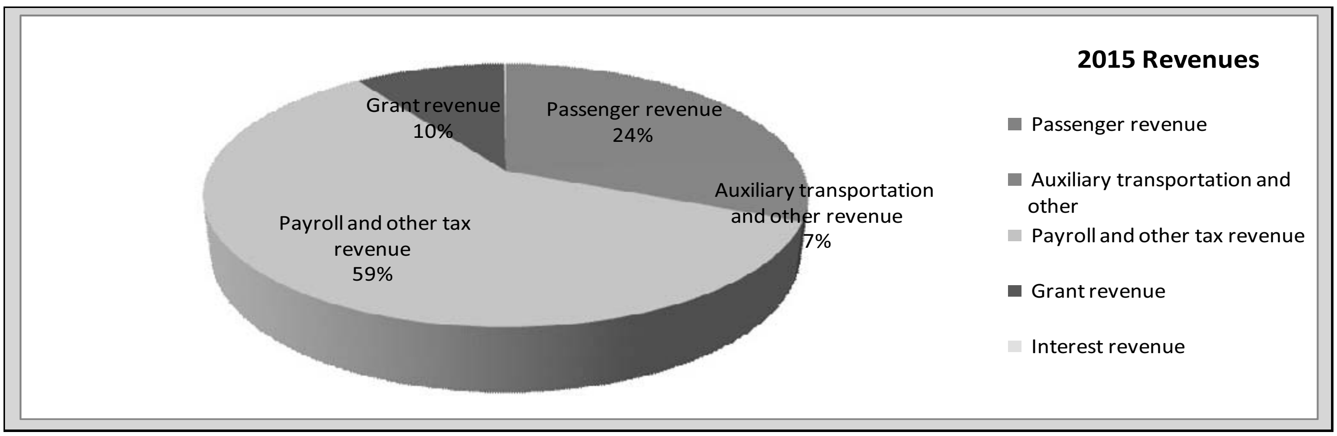
Management's Discussion and Analysis

continued

(dollars in thousands)

The following charts display the allocation of District revenues for fiscal years 2014 and 2015:





Operating Revenues

Operating revenues are composed of passenger fares and other revenue related to operations.

Passenger Revenue

Passenger revenue includes fares earned from cash receipts from riders for the sale of passes and tickets, and employer paid pass and other group fare revenue programs. In fiscal year 2015, the District experienced overall growth in passenger revenue of 1.8 percent.

Auxiliary Transportation and Other Revenue

Auxiliary Transportation and Other Revenue includes revenue from the Medical Transportation Program, LIFT service, Streetcar operating revenues, Local grants and operating assistance from other local governments. In fiscal year 2015, auxiliary transportation and other revenues decreased $5,675, resulting from decreases in Medical Transportation revenues associated with the transition of this service to another contractor by the State of Oregon in December 2014.

Non-operating Revenues

Non-operating revenues include Payroll and other tax revenue, Grant revenue and Interest revenue.

Management's Discussion and Analysis

continued

(dollars in thousands)

Payroll and Other Tax Revenues

Payroll tax revenues are the District's main source of revenue. Payroll and other tax revenues increased $16,720, or 6.1 percent in fiscal year 2015. In fiscal year 2014, payroll and other tax revenues increased $16,124, or 6.2 percent, compared to fiscal year 2013.

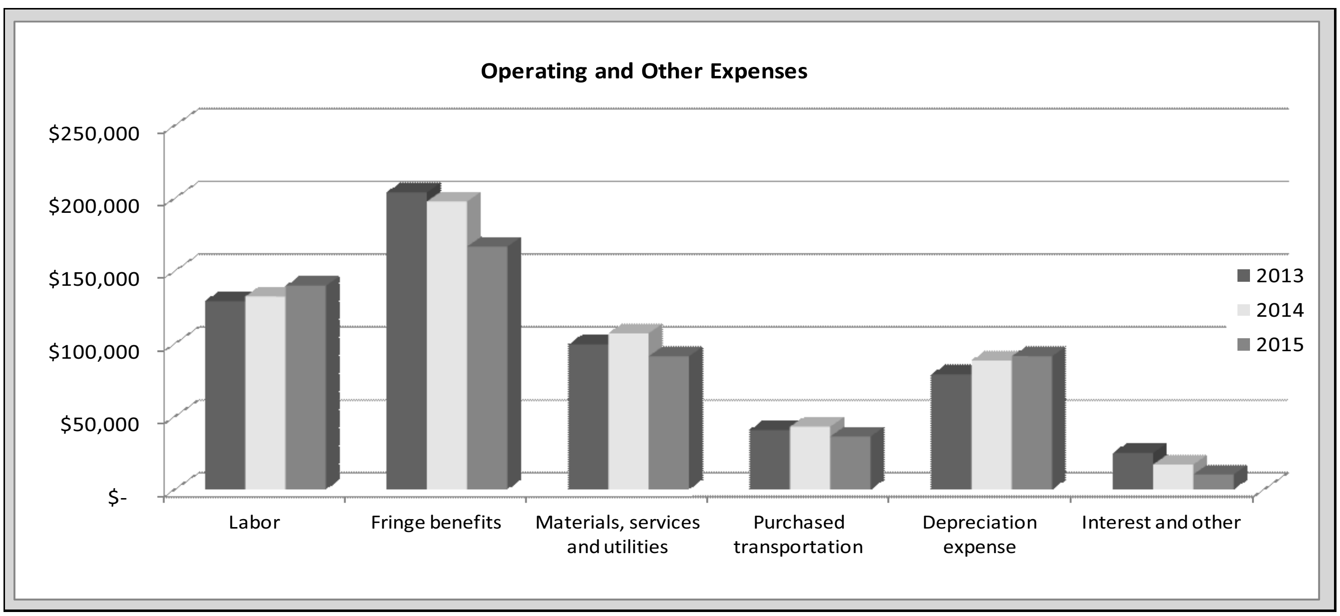
Operating and Other Expenses

Operating and Other Expenses include operations and maintenance costs, general and administrative expenses, purchased transportation costs associated with the Medical Transportation and LIFT programs, depreciation of capital assets, interest on outstanding debt and other costs.

Total expenses decreased $46,837, or 8.0 percent, during fiscal year 2015. Labor costs increased $7,389, or 5.6 percent, and Fringe benefits decreased $30,946, or 15.6 percent, resulting primarily from increases in staffing in bus transportation, offset by decreases in Other post employment benefits expense. Materials and services decreased $16,226, or 16.4 percent, due primarily to savings resulting from lower diesel fuel prices, and reductions in intergovernmental transfers in the current year. Purchased transportation decreased $6,675, or 15.5 percent during fiscal year 2015 as the result of the transition of the Medical Transportation program to another service provider in January 2015.

Total expenses increased $8,430, or 1.5 percent, during fiscal year 2014. Labor costs increased $3,146, or 2.4 percent, and Fringe benefits decreased $6,226, or 3.1 percent, resulting primarily from increases in staffing in bus transportation, offset by decreases in pension expense. Materials and services increased $7,246, or 7.9 percent, due primarily to increases in Intergovernmental transfers ($2,947) which were funded by external sources, Light rail vehicle maintenance ($2,627) resulting from continued maintenance on the light rail vehicle fleet, Security services ($508), Revenue vehicle maintenance ($326), Communication system materials ($406), Contracted building maintenance ($384), and Portland Streetcar expense ($304), offset by decreases in other materials costs. Depreciation expense increased by $9,612, or 12.2 percent due to depreciation of capital assets placed in service in the past year.

The following chart displays trends in Operating and Other expenses during the last three fiscal years:



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Management's Discussion and Analysis

continued

(dollars in thousands)

Capital Contributions

Capital contributions include federal grants and other local government contributions restricted for purchase or construction of capital assets. Capital contributions increased $114,741, during fiscal year 2015, due to timing of contributions recognized in relation to PMLR. Capital contributions decreased $95,136, or 46.0 percent, during fiscal year 2014, due to timing of contributions received in relation to PMLR.

Capital Assets

At June 30, 2015, the District had invested $3,011,510, in capital assets, net of accumulated depreciation (see Table 3 and Note 4).

Table 3 — **Capital Assets**
As of June 30
(net of depreciation, dollars in thousands)

				Increase (decrease)			
				2015 - 2014		2014 - 2013	
	2015	**2014**	**2013**	**$**	**%**	**$**	**%**
Land and other	$ 232,347	$ 229,964	$ 223,287	$ 2,383	1.0 %	$ 6,677	3.0 %
Rail right-of-way and stations	1,113,195	1,160,206	1,200,180	(47,011)	(4.1)%	(39,974)	(3.3)%
Buildings	187,231	185,709	190,546	1,522	0.8 %	(4,837)	(2.5)%
Transportation equipment	291,464	267,928	248,227	23,536	8.8 %	19,701	7.9 %
Furniture and other equipment	60,491	66,017	32,762	(5,526)	(8.4)%	33,255	101.5 %
Construction in progress	1,126,782	944,701	657,652	182,081	19.3 %	287,049	43.6 %
Total capital assets	$ 3,011,510	$ 2,854,525	$ 2,552,654	$ 156,985	5.5 %	$ 301,871	11.8 %

Total capital assets net of depreciation increased $156,985, or 5.5 percent, during fiscal year 2015, due to construction on PMLR, offset in part by the impact of depreciation of assets in service. Total capital assets net of depreciation increased $301,871, or 11.8 percent, during fiscal year 2014, due to construction on PMLR, offset in part by the impact of depreciation of assets in service. PMLR will extend TriMet's light rail system from Portland State University, to the South Waterfront, adding a new transit and pedestrian bridge across the Willamette River, and extending through Southeast Portland to the City of Milwaukie. Construction of the transit bridge was complete in fiscal year 2014. The project is on schedule for completion in September 2015.

Long-Term Debt

Long-term debt includes revenue bonds guaranteed by payroll tax and grant receipt revenues. At June 30, 2015, the District had $664,860 in revenue bonds outstanding (see Note 5).

The table below represents the District's bond ratings on its long-term debt as rated by Moody's Investor Services, Inc. (Moody's) and Standard & Poor's credit rating agencies:

Table 4 — **Revenue Bond Ratings**
As of June 30
(dollars in thousands)

Revenue bonds	**Original issue amount**	**Balance at June 30, 2015**	**Moody's**	**Standard & Poor's**
Payroll Tax Revenue Bonds:				
2005 Series A Payroll Tax Refunding	$ 65,475	$ 17,380	Aa1	AAA
2007 Series A Payroll Tax	45,450	35,330	Aa1	AAA
2009 Series A and B Payroll Tax	49,550	42,740	Aa1	AAA
2012 Series A Payroll Tax	93,290	89,150	Aa1	AAA
Payroll Tax and Grant Receipt Revenue Bonds:				
2013 Series Payroll Tax and Grant Receipt	325,000	325,000	Aa3	A+
Grant Receipt Revenue Bonds:				
2005 Series Capital Grant Receipt	79,320	12,880	A3	A
2011 Series A and B Capital Grant Receipt	142,380	142,380	A3	A

Management's Discussion and Analysis
continued
(dollars in thousands)

Lease Transactions

In prior years, TriMet entered into several lease-leaseback and sale-leaseback transactions with investors (see Note 8). During fiscal year 2015, the District received a put option related to one sale-leaseback. The transaction is anticipated to close on December 15, 2015. The District is not aware of any default, event of default or event of loss under any of the operative lease documents at June 30, 2015.

TRIMET DEFINED BENEFIT RETIREMENT PLAN FOR MANAGEMENT AND STAFF EMPLOYEES TRUST FUND

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers most TriMet non-union employees hired before April 27, 2003. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life, with annual cost of living increases. TriMet is required to maintain funds under the plan sufficient to pay benefits when due. The following chart displays assets, liabilities, and net position of the trust fund as of June 30, 2015, 2014, and 2013:

Table 5

Trust Net Position
As of June 30
(dollars in thousands)

	2015	2014	2013
Trust assets	$ 111,141	$ 107,119	$ 91,570
Trust liabilities	41	27	51
Trust net position	$ 111,100	$ 107,092	$ 91,519

Total net position as of June 30, 2015 increased by $4,008 or 3.7 percent, due to employer contributions recorded in the plan of $6,559 in fiscal year 2015, the increase in fair market value of investments, and offset by reductions due to payment of retirement benefits under the terms of the plan. TriMet's board adopted a funding policy for the plan in 2014. Employer contributions to the plan are funded on a monthly basis. The following chart displays changes in net position for the years ended June 30, 2015, 2014, and 2013:

Table 6

Changes in Trust Net Position
For the years ended June 30
(dollars in thousands)

	2015	2014	2013
Employer contributions	$ 6,559	$ 5,367	$ 5,135
Investment earnings	2,019	14,252	10,210
Total additions	8,578	19,619	15,345
Benefit payments	4,458	3,892	3,519
Administrative expenses	112	154	78
Total deductions	4,570	4,046	3,597
Increase in net position	4,008	15,573	11,748
Trust net position, beginning	107,092	91,519	79,771
Trust net position, ending	$ 111,100	$ 107,092	$ 91,519

Additional information on the TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund can be found in Note 12 in the accompanying notes to the financial statements.

Management's Discussion and Analysis

continued
(dollars in thousands)

THE PENSION PLAN FOR BARGAINING UNIT EMPLOYEES OF TRIMET TRUST FUND

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired before August 1, 2012. Benefits under the plan are 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age 58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments. TriMet is required to maintain funds under the plan sufficient to pay benefits when due. The following chart displays assets, liabilities, and net position of the trust fund as of June 30, 2015, 2014, and 2013:

Table 7

Trust Net Position
As of June 30
(dollars in thousands)

	2015	2014	2013
Trust assets	$ 466,012	$ 448,379	$ 365,993
Trust liabilities	197	29	167
Trust net position	$ 465,815	$ 448,350	$ 365,826

Total net position as of June 30, 2015 increased by $17,465, or 3.9 percent, due to employer contributions to the plan of $37,793 in fiscal year 2015, the increase in fair market value of investments and offset by reductions due to payment of retirement benefits under the terms of the plan. TriMet's board adopted a funding policy for the plan in 2014. Employer contributions to the plan are funded on a monthly basis. The following chart displays changes in net position for the years ended June 30, 2015, 2014, and 2013:

Table 8

Changes in Trust Net Position
For the years ended June 30
(dollars in thousands)

	2015	2014	2013
Employer contributions	$ 37,793	$ 48,689	$ 36,766
Investment earnings	12,294	64,566	42,339
Total additions	50,087	113,255	79,105
Benefit payments	32,269	30,277	27,975
Administrative expenses	353	454	260
Total deductions	32,622	30,731	28,235
Increase in net position	17,465	82,524	50,870
Trust net position, beginning	448,350	365,826	314,956
Trust net position, ending	$ 465,815	$ 448,350	$ 365,826

Additional information on the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund can be found in Note 13 in the accompanying notes to the financial statements.

Management's Discussion and Analysis
continued
(dollars in thousands)

ACCOUNTING GUIDANCE

The District adopted GASB Statements No. 67 and 68 ("the statements") during fiscal year 2014. The statements established accounting and financial reporting standards for employers and public pension plans, including reporting of the net pension liability on the statement of net position, deferred inflows and deferred outflows associated with investment, economic and demographic gains and losses associated with the plans. GASB Statement 68 also provides guidance related to the calculation of pension expense, and resulted in restatement to the June 30, 2013 financial statements including a Net pension liability of $239,210, and decrease of $235,431 to Total net position.

ECONOMIC FACTORS AND FISCAL YEAR 2016 BUDGET

The District's Board of Directors adopted the fiscal year 2016 budget on May 27, 2015. The fiscal year 2016 budget includes $811,603 in general fund appropriations, a 19.8 percent decrease from fiscal year 2015. This appropriation includes $153,452 for high capacity transit projects. The budget focuses on expanding service, capital maintenance and replacement, and continued strengthening of pension reserves. The budget assumed no fare increase for fiscal year 2016.

During fiscal year 2012, TriMet entered in to a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration, related to PMLR. The District has received the first four draw downs on the FFGA: $85,000 in June 2012, $94,511 in July 2013, $100,000 in June 2014, and $100,000 in May 2015. The project is budgeted to cost a total of $1,490,350, with 50% of the cost provided by the Federal New Starts program. The project is on schedule to open September 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide readers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

TriMet
Attn: Finance & Administration
1800 S.W. 1st Avenue, Suite 300
Portland, OR 97201
www.trimet.org

Enterprise Fund
Statements of Net Position
June 30, 2015 and 2014
(dollars in thousands)

Assets	2015	2014
Current assets (unrestricted):		
Cash and cash equivalents	$ 56,522	$ 111,620
Investments	11,359	-
Taxes and other receivables, net	88,342	92,552
Grants receivable	24,843	1,647
Prepaid expenses	12,483	7,676
Current assets (restricted):		
Cash and cash equivalents	32,796	93,456
Investments	151,283	222,857
Taxes and other receivables, net	656	75
Grants receivable	3,508	2,308
Prepaid expenses	1,033	1,203
Prepaid lease expenses and deposits	10,956	674
Total current assets	393,781	534,068
Capital assets		
Land and other	232,347	229,964
Construction in process	1,126,782	944,701
Property and equipment	2,950,866	2,909,073
Less accumulated depreciation	(1,298,485)	(1,229,213)
Net capital assets	3,011,510	2,854,525
Prepaid lease expenses	80,141	85,836
Long-term restricted lease deposit	35,376	43,156
Materials, supplies and other	26,572	23,159
Other assets	1,836	5,386
Total assets	3,549,216	3,546,130
Deferred outflows of resources		
Unamortized loss on pension assets	55,545	49,590
Unamortized loss on refunded debt	419	670
Total deferred outflows of resources	55,964	50,260
Total assets and deferred outflows of resources	$ 3,605,180	$ 3,596,390

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Net Position

June 30, 2015 and 2014
(dollars in thousands)
continued

Liabilities	2015	2014
Current liabilities (unrestricted):		
Accounts payable	$ 16,481	$ 22,510
Accrued payroll	24,917	26,664
Current portion of noncurrent liabilities	8,195	7,957
Unearned revenue	18,794	17,056
Current liabilities (restricted):		
Accounts payable	10,262	57,799
Current portion of long-term debt	19,349	18,539
Unearned revenue	1,000	1,000
Unearned capital project revenue	35,839	152,836
Other accrued liabilities	6,732	6,988
Unearned lease revenue, current portion	10,956	674
Total current liabilities	152,525	312,023
Noncurrent liabilities:		
Long-term debt	685,783	713,746
Unearned lease revenue	5,051	16,007
Long-term lease liability	65,727	66,967
Net pension liability	177,449	186,470
Other postemployment benefits liability	475,009	430,867
Other long-term liabilities	12,101	12,472
Total noncurrent liabilities	1,421,120	1,426,529
Total liabilities	1,573,645	1,738,552
Deferred inflows of resources		
Unamortized gain on pension investments	62,186	67,914
Unamortized gain on leases	18,370	19,444
Total deferred inflows of resources	80,556	87,358
Net position		
Net investment in capital assets	2,416,392	2,214,210
Restricted	52,216	40,171
Unrestricted	(517,629)	(483,901)
Total net position	1,950,979	1,770,480
Total liabilities, deferred inflows of resources and net position	$ 3,605,180	$ 3,596,390

See accompanying notes to basic financial statements

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Enterprise Fund
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Operating revenues		
Passenger revenue	$ 116,734	$ 114,618
Auxiliary transportation and other revenue	36,701	42,376
Total operating revenues	153,435	156,994
Operating expenses		
Labor	139,920	132,531
Fringe benefits	166,847	197,793
Materials and services	82,913	99,139
Utilities	8,573	8,097
Purchased transportation	36,396	43,071
Depreciation expense	91,555	88,567
Other operating expense	10,340	9,167
Total operating expenses	536,544	578,365
Operating loss	(383,109)	(421,371)
Non-operating revenues (expenses)		
Payroll and other tax revenue	292,077	275,357
Grant revenue	47,596	89,472
Interest income	464	332
Net leveraged lease expense	(206)	(317)
Interest and other expense	(2,703)	(7,608)
Total non-operating revenues, net	337,228	357,236
Loss before contributions	(45,881)	(64,135)
Capital contributions	226,380	111,639
Changes in net position	180,499	47,504
Total net position - beginning	1,770,480	1,722,976
Total net position - ending	$ 1,950,979	$ 1,770,480

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014
(dollars in thousands)

	2015	2014
Cash flows from operating activities		
Receipts from passengers	$ 119,051	$ 111,273
Receipts from other sources	40,730	47,862
Payments to employees	(285,229)	(285,376)
Payments to suppliers	(199,562)	(140,007)
Net cash used in operating activities	(325,010)	(266,248)
Cash flows from noncapital financing activities		
Receipts from payroll taxes	290,659	271,548
Receipts from operating grants	25,740	98,622
Net cash provided by noncapital financing activities	316,399	370,170
Cash flows from capital and related financing activities		
Receipts from capital grants	110,464	209,804
Receipts from property taxes	44	128
Payments on leases	-	(2,032)
Receipts from sales or lease of capital assets	1,466	391
Acquisition and construction of capital assets	(232,352)	(377,489)
Principal payments on long-term debt	(18,539)	(28,012)
Interest payments on long-term debt	(28,309)	(32,117)
Net cash used by capital and related financing activities	(167,226)	(229,327)
Cash flows from investing activities		
Purchases of investment securities	(435,262)	(1,218,685)
Proceeds from sales and maturities of investment securities	495,341	1,403,519
Interest received	-	461
Net cash provided by investing activities	60,079	185,295
Net (decrease) increase in cash and cash equivalents	(115,758)	59,890
Cash and cash equivalents, beginning of year	205,076	145,186
Cash and cash equivalents, end of year	$ 89,318	$ 205,076
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	$ 56,522	$ 111,620
Restricted cash and cash equivalents	32,796	93,456
Total cash and cash equivalents	$ 89,318	$ 205,076

See accompanying notes to basic financial statements

Enterprise Fund
Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014
(dollars in thousands)
continued

Reconciliation of operating loss to net cash used in operating activities

	2015	2014
Operating loss	$ (383,109)	$ (421,371)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	91,555	88,567
Loss on disposal of capital assets	(667)	(225)
(Increase) decrease in taxes and other receivables	5,602	(1,973)
Increase in materials, supplies and other	(3,413)	(1,602)
Increase in prepaid and other assets	(4,708)	(2,806)
Increase (decrease) in operating accounts payable	(53,328)	23,293
Increase (decrease) in accrued payroll	(1,747)	853
Increase in unearned revenue	1,738	4,599
Decrease in net pension obligation	(20,704)	(28,447)
Increase in other postemployment benefit obligation	44,142	75,074
Decrease in other liabilities	(371)	(2,210)
Total adjustments	58,099	155,123
Net cash used in operating activities	$ (325,010)	$ (266,248)

Supplemental Disclosures of Non-Cash Operating, Investing and Financing Activities

(dollars in thousands)

	2015	2014
Net leveraged lease expense	$ (206)	$ (317)
Accretion/amortization of investments	64,880	29,255
Fiber optic lease	317	285
Amortization of bond premium/discount, and deferred amounts	(8,619)	(8,870)

See accompanying notes to basic financial statements

Trust Fund
Statements of Pension Plan Fiduciary Net Position
June 30, 2015 and 2014
(dollars in thousands)

	2015		
	Trust Fund		
	Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
Assets			
Cash and cash equivalents	$ 6,119	$ 14,808	$ 20,927
Investments:			
Domestic Large/Mid Cap Equity	23,930	125,971	149,901
Domestic Small Cap Equity	2,943	15,072	18,015
International Equity	18,871	104,407	123,278
US Governmental Obligations	-	-	-
Domestic Fixed Income	18,411	51,185	69,596
Foreign Fixed Income	-	-	-
Tactical Asset Allocation	14,783	34,736	49,519
Real Estate	9,615	37,533	47,148
Absolute Return	10,144	62,216	72,360
Private Credit	956	12,767	13,723
Private Equity	5,294	7,026	12,320
Total investments	104,947	450,913	555,860
Receivables:			
Investment earnings receivable	75	291	366
Total receivables	75	291	366
Total assets	111,141	466,012	577,153
Liabilities			
Accounts payable	41	197	238
Total liabilities	41	197	238
Net position			
Held in trust for pension benefits	$ 111,100	$ 465,815	$ 576,915

See accompanying notes to basic financial statements

Trust Fund
Statements of Pension Plan Fiduciary Net Position

June 30, 2015 and 2014
(dollars in thousands)
continued

2014 Trust Fund: Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
$ 2,671	$ 2,712	$ 5,383
29,722	165,493	195,215
3,281	18,276	21,557
19,048	71,147	90,195
1,098	-	1,098
16,376	-	16,376
3,340	-	3,340
15,696	109,424	125,120
3,815	23,105	26,920
10,346	41,521	51,867
-	-	-
1,567	16,498	18,065
104,289	445,464	549,753
159	203	362
159	203	362
107,119	448,379	555,498
27	29	56
27	29	56
$ 107,092	$ 448,350	$ 555,442

Trust Fund
Statement of Changes in Pension Plan Fiduciary Net Position

For the Years Ended June 30, 2015 and 2014
(dollars in thousands)

	2015		
	Trust Fund		
	Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
Additions			
Employer contributions	$ 6,559	$ 37,793	$ 44,352
Investment income (loss):			
Interest	190	1	191
Dividends	1,572	6,401	7,973
Gain on investments sold	6,490	19,077	25,567
Other income	108	230	338
Net increase (decrease) in fair value of investments	(6,168)	(12,673)	(18,841)
Less investment expense	(173)	(742)	(915)
Net investment income	2,019	12,294	14,313
Total additions	8,578	50,087	58,665
Deductions			
Benefits	4,458	32,269	36,727
Administrative expenses	112	353	465
Total deductions	4,570	32,622	37,192
Change in net position	4,008	17,465	21,473
Net position held in trust for pension benefits:			
Beginning of year	107,092	448,350	555,442
End of year	$ 111,100	$ 465,815	$ 576,915

See accompanying notes to basic financial statements

Trust Fund
Statement of Changes in Pension Plan Fiduciary Net Position
For the Years Ended June 30, 2014 and 2013
(dollars in thousands)
continued

2014		
Trust Fund		
Retirement Plan for Management and Staff Employees	Pension Plan for Bargaining Unit Employees	Total
$ 5,367	$ 48,689	$ 54,056
582	447	1,029
1,271	6,331	7,602
2,888	4,363	7,251
-	10	10
9,652	53,852	63,504
(141)	(437)	(578)
14,252	64,566	78,818
19,619	113,255	132,874
3,892	30,277	34,169
154	454	608
4,046	30,731	34,777
15,573	82,524	98,097
91,519	365,826	457,345
$ 107,092	$ 448,350	$ 555,442

Notes to Financial Statements

June 30, 2015
(dollars in thousands)

1. Organization and Summary of Significant Accounting Policies

The Tri-County Metropolitan Transportation District of Oregon ("TriMet" or "the District") was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide mass transit services to the Portland metropolitan area. Formation of the District, which includes parts of Multnomah, Clackamas, and Washington counties, was effective October 14, 1969 with the assumption of the operations of a privately owned bus system. Under ORS 267, the District is authorized to levy taxes and charge fares to pay for the operations of the District. TriMet is also authorized to issue general obligation bonds and revenue bonds.

The District is governed by a seven-member Board of Directors appointed by the Governor of the State of Oregon. Board members represent and must live in certain geographical sub-districts. The Board of Directors set District policy, levy taxes, appropriate funds, adopt budgets, serve as contract board, and perform other duties required by state and federal law.

The District uses one budgetary fund to account for its operating activities: General. The General Fund accounts for the financial resources associated with operating the District. Principle sources of revenue in the General Fund are passenger fares, employer payroll and self employment taxes, State of Oregon payroll assessments ("in lieu"), federal grants, and interest. Primary expenditures in the General Fund are personal services, materials and services, and principal and interest on debt secured by General Fund revenues. The District also has fiduciary responsibility for two pension trust accounts: The TriMet Defined Benefit Plan for Management and Staff Employees Trust Fund, and the Pension Plan for Bargaining Unit Employees of TriMet Trust Fund. The investment, pension funding and benefit payment activity in these funds and pension plan net position are reported in the Trust Fund.

(a) Financial reporting entity

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable and other organizations that, by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, TriMet is considered a primary government and does not have any component unit relationships. Conversely, TriMet is not considered a component unit of any primary government.

(b) Basis of accounting and presentation

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. Under GAAP, the District accounts for activity under the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District has applied all applicable GASB pronouncements including GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition, the District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District has also applied GASB Statement No. 67, *Financial Reporting for Pension Plans*.

(c) Revenue recognition

Operating revenues consist primarily of passenger fares. The District also recognizes operating revenue for contracted service revenue and transit advertising revenue. Operating expenses include the costs of operating the District, including depreciation on capital assets. Capital contributions include grant revenue and other contributions related to capital asset acquisitions or construction. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

(d) Restricted Assets

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, restricted resources are used first, and then unrestricted resources as they are needed. Restricted assets include certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, and capital contributions restricted for costs of certain capital projects.

(e) Tax revenues

Funding of day-to-day operations is primarily provided by the payroll tax imposed by TriMet pursuant to ORS 267.380 and the self employment tax imposed by TriMet pursuant to ORS 267.385. The payroll tax is imposed on employers with respect to wages earned within the TriMet service district. An employer is not permitted to deduct any portion of the tax from the wages of an employee. The self employment tax is imposed on self-employed individuals with respect to their net earnings generated within the TriMet service district. TriMet currently imposes these taxes at a rate of 0.7237 percent of the wages paid to individuals (for the payroll tax) and the net earnings from self-employed individuals (for the self employment tax). The taxes are collected on TriMet's behalf by the Department of Revenue of the State of Oregon under an agreement entered into pursuant to ORS 305.620. Imposed tax revenues are recorded as assets and revenues in the period that the obligation is incurred by the employers and the self-employed individuals. Amounts accrued are estimated based upon historical trends in payroll tax cash receipts. TriMet records an allowance for past due amounts that have not been collected by the state as of year-end.

(f) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in the State of Oregon Local Government Investment Pool and financial institutions, and marketable securities with original maturities of three months or less.

(h) Investments

ORS Chapter 294 authorizes the District to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, certain bankers' acceptances and corporate indebtedness, and repurchase agreements. Investments with original maturities of less than one year are accounted for at amortized cost with discount or premium amortized on a straight-line basis over the life of the investments. The District records all other investments at fair value based upon quoted market rates, with changes in unrealized gains and losses reported as investment income.

(i) Materials and supplies

Materials and supplies inventories are stated at cost determined on a moving average basis.

(j) Prepaid expenses

Prepaid expenses include amounts paid to vendors for services to be received in the future.

Notes to Financial Statements
June 30, 2015
(dollars in thousands)
continued

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(k) Receivables

Taxes and other receivables. Taxes and other receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts for payroll taxes, self employment taxes and property taxes are based on the District's experience and management's judgment over recent years. The allowance for returns for trade accounts are based upon the District's experience of returns in the most recent year.

Grants receivable. Grants receivable are recorded in accordance with the non-exchange guidance. Accordingly, receivables are recorded when all eligibility criteria have been met.

(l) Capital assets and depreciation

Capital assets are stated at cost, except for donated capital assets, which are stated at the fair market value on the date of donation. Expenditures for additions and improvements, with a value in excess of $5 and a useful life of more than one year, are capitalized. Expenditures for maintenance, repairs and minor improvements are charged to operating expense as incurred. Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation and the resulting gains or losses are reflected in the statement of revenues, expenses and changes in net position as other revenue.

Interest costs are capitalized to the extent that interest costs exceed interest earned on related temporary investments, from the date of borrowing until assets are ready for their intended use. Depreciation of capital assets is recorded using the straight-line method over the estimated useful lives of the assets.

Capital assets are assigned the following estimated useful lives:

Rail right-of-way and stations	5-40 years
Buildings	40 years
Transportation equipment	5-30 years
Furniture and other equipment	3-20 years

(m) Self insurance liabilities

Liabilities for workers' compensation, employee dental insurance, and public liability and property damage claims are recognized as incurred on the basis of the estimated cost to the District upon resolution. Estimated liabilities for injury and damage claims are charged to operations in the year the claim event occurs.

Self-insured liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Since self insured claims depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated on a case-by-case basis and are re-evaluated periodically to take into consideration historical experience of recently settled claims, the frequency of claims, and other economic and social factors.

(n) Compensated absences

Vacation leave that has been earned but not paid has been accrued. Vacation pay and floating holidays are payable upon termination, retirement or death for both union and non-union employees. Sick leave is accrued as benefits are earned, but only to the extent the District will compensate the employee through a cash payment conditional on the employee's termination or death. Pursuant to the TriMet Defined Contribution Retirement Plan for Management and Staff Employees (the Management DC Plan) and the TriMet Defined Contribution Retirement Plan for Union Employees (The Union DC Plan), the District contributes 60 percent of unused sick leave when the employee leaves TriMet. The District records a liability in the accompanying financial statements related to the unused sick leave for employees covered by the Management DC Plan and the Union DC Plan. Unused sick leave benefits that enhance either defined benefit pension plan are included in the actuarial accrued liability.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

(o) Bond discounts, premiums and refundings

Unamortized bond discounts and premiums are amortized to interest expense, using the effective interest method, over the term of the bonds. The excess of costs incurred over the carrying value of bonds refunded on early extinguishment of debt is amortized, using the effective interest method, over the shorter of the remaining life of the old bonds or the life of the new issue and recorded as a deferred outflow of resources.

(p) Contributed capital

Contributions received for the construction of capital assets are initially recorded as liabilities, then reclassified to revenue (contributed capital) when the associated capital projects are constructed or acquired.

(q) Net position

Net investment in capital assets consists of capital assets, net of accumulated depreciation; plus borrowed monies not yet spent; less outstanding debt balances related to the purchase or construction of capital assets. Restricted net position represents funds with a specified restricted purpose such as capital construction or acquisition, or debt service payments. Unrestricted net position includes all other balances not included in either Net investment in capital assets or Restricted net position.

2. Cash and Investments

Cash and Investments at June 30 consisted of the following:

	2015			2014		
	Fair value	% of portfolio	Weighted average maturity (years)	Fair value	% of portfolio	Weighted average maturity (years)
Cash and investments:						
Cash on hand	$ 400	0.2 %	-	$ 396	0.1 %	-
Demand deposits with financial institutions	31,805	12.6 %	-	67,592	15.8 %	-
Oregon local government investment pool	26,696	10.6 %	-	40,402	9.4 %	-
Federal Home Loan Bank	20,000	7.9 %	0.04	20,000	4.7 %	0.02
U.S. Treasuries	173,059	68.7 %	0.36	299,543	70.0 %	0.23
Total cash and investments	$ 251,960			$ 427,933		

Cash and investments are reflected in the Statements of net position as follows:

	2015	2014
Cash and cash equivalents		
Unrestricted	$ 56,522	$ 111,620
Restricted	32,796	93,456
Investments		
Unrestricted	11,359	-
Restricted	151,283	222,857
Total cash and investments	$ 251,960	$ 427,933

Notes to Financial Statements
June 30, 2015
(dollars in thousands)
continued

TriMet's demand deposits are covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held by the State of Oregon. Cash held in the State of Oregon local government investment pool is managed by the State of Oregon Treasurer's office.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, TriMet manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to 5 years, with a weighted average maturity of less than 2.0 years. At June 30, 2015, the weighted average maturity of the investment portfolio was 0.25 years.

Credit risk. Credit risk is the risk that an issuer will fail to pay principal or interest in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the fair value of the investment to decline. TriMet's investment policy, which is in compliance with Oregon State law (ORS 294 and 295), limits investment in corporate indebtedness on the settlement date to a rating of P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. All investments identified in the ORS are included as permitted investments in the District's investment policy.

The Local Government Investment Pool (LGIP) is an open-ended, diversified portfolio offered to eligible participants including Oregon municipalities and political subdivisions. The Oregon State Treasurer's Office manages the LGIP in the same manner it oversees the management of the State's funds and in accordance with the prudent investor rule. The LGIP is commingled with the State's short-term funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable asset value fund, and it is not currently rated by an independent rating agency. The OSTF is an external investment pool as defined by GASB 59. The asset value per share is calculated by the Oregon State Treasurer's Office and approximates fair value. The LGIP is not registered with the U.S. Securities and Exchange Commission. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the LGIP are further governed by portfolio guidelines issued by the Fund Board.

Concentration of credit risk. Concentration of credit risk is the risk associated with the lack of diversification or having too much invested in a few individual issues. TriMet's investment policy sets forth the procedures, guidelines, and criteria for the operation of TriMet's investment program. This policy governs the investment of all TriMet funds, except funds held in trust for pensions and deferred compensation. The investment policy establishes maximum amounts, either as a percentage of total portfolio or fixed dollar amount, that may be invested in investment types and any single issuer including U.S. government securities (no limit), agency securities (33 percent maximum with any one agency, 90 percent maximum of the total portfolio), commercial paper (2.5 percent maximum with any issuer, 10 percent maximum of the total portfolio), local government investment pool (limited to maximum per ORS 294.810), time deposits, certificates of deposit and savings accounts (25 percent maximum with any issuer, 50 percent maximum of the total portfolio), corporate indebtedness (2.5 percent maximum with any issuer, 10 percent maximum of the total portfolio) and municipal debt obligations (5 percent maximum with any issuer, 10 percent maximum of the total portfolio). At June 30, 2015, the District had 68.7 percent invested in U.S. government securities, 7.9 percent in agency securities, 12.6 percent in demand deposits, 10.6 percent in local government investment pool, and 0.2 percent in cash.

Custodial credit risk - deposits and investments. For deposits, this is the risk that in the event of a bank failure, TriMet's deposits may not be returned. ORS Chapter 295 governs the collateralization of certain Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of federal deposit insurance amounts. All banks holding funds in TriMet's name, that are not held in trust for debt service, are included on the list of qualified depositories maintained by the Oregon State Treasurer.

All investments purchased by the District are held and registered in TriMet's name by a safekeeping bank acting as safekeeping agent. A portion of TriMet's funds are invested in an external investment pool, held by the State of Oregon in the Local Government Investment Pool (LGIP), as described above. TriMet also deposits funds in three bank savings accounts. Balances in these accounts are in compliance with TriMet investment policy limits and are collateralized in accordance with ORS Chapter 295.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

3. Receivables

At June 30, 2015 and 2014, the District had the following receivables under various federal and state grant agreements:

2015	Unrestricted	Restricted	Total
Federal pass through	$ -	$ 703	$ 703
Other federal	24,682	2,788	27,470
State grants	159	17	176
Local governments	2	-	2
	$ 24,843	$ 3,508	$ 28,351

2014	Unrestricted	Restricted	Total
Federal pass through	$ -	$ 2,044	$ 2,044
Other federal	1,212	261	1,473
State grants	391	3	394
Local governments	44	-	44
	$ 1,647	$ 2,308	$ 3,955

Taxes and other receivables at June 30, 2015 and 2014, including the applicable allowances for uncollectible accounts, are as follows:

2015	Receivable	Allowance for uncollectible accounts	Net receivable
Unrestricted:			
Payroll tax	$ 71,646	$ 3,369	$ 68,277
Self-employment tax	9,212	1,369	7,843
Trade accounts	5,022	400	4,622
Property Tax	120	60	60
Other	7,540	-	7,540
Total unrestricted	93,540	5,198	88,342
Restricted:			
Other	656	-	656
Total restricted	656	-	656
Total taxes and other receivables	$ 94,196	$ 5,198	$ 88,998

2014	Receivable	Allowance for uncollectible accounts	Net receivable
Unrestricted:			
Payroll tax	$ 71,124	$ 4,067	$ 67,057
Self-employment tax	8,502	772	7,730
Trade accounts	6,044	400	5,644
Property Tax	172	65	107
Other	12,014	-	12,014
Total unrestricted	97,856	5,304	92,552
Restricted:			
Other	75	-	75
Total restricted	75	-	75
Total taxes and other receivables	$ 97,931	$ 5,304	$ 92,627

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

4. Capital Assets

Capital assets at June 30 consisted of the following:

2015	Lives (in years)	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated						
Land and other		$ 229,964	$ 2,159	$ (64)	$ 288	$ 232,347
Construction in process		944,701	246,630	(173)	(64,376)	1,126,782
Total capital assets, not being depreciated		1,174,665	248,789	(237)	(64,088)	1,359,129
Capital assets, being depreciated						
Rail right-of-way and stations	5-40	1,834,080	213	(409)	726	1,834,610
Buildings	40	359,345	30	(1,140)	9,852	368,087
Transportation equipment	5-30	546,783	-	(18,222)	47,202	575,763
Furniture and other equipment	3-20	168,865	307	(3,074)	6,308	172,406
Total capital assets, being depreciated		2,909,073	550	(22,845)	64,088	2,950,866
Less accumulated depreciation for						
Rail right-of-way and stations		(673,874)	(47,541)	-	-	(721,415)
Buildings		(173,636)	(8,360)	1,140	-	(180,856)
Transportation equipment		(278,855)	(23,513)	18,069	-	(284,299)
Furniture and other equipment		(102,848)	(12,141)	3,074	-	(111,915)
Total accumulated depreciation		(1,229,213)	(91,555)	22,283	-	(1,298,485)
Total capital assets, being depreciated, net		1,679,860	(91,005)	(562)	64,088	1,652,381
Total capital assets, net		$ 2,854,525	$ 157,784	$ (799)	$ -	$ 3,011,510

2014	Lives (in years)	Beginning balance	Additions	Deletions	Transfers	Ending balance
Capital assets, not being depreciated						
Land and other		$ 223,287	$ 5,233	$ (124)	$ 1,568	$ 229,964
Construction in process		657,651	385,959	(1,092)	(97,817)	944,701
Total capital assets, not being depreciated		880,938	391,192	(1,216)	(96,249)	1,174,665
Capital assets, being depreciated						
Rail right-of-way and stations	5-40	1,828,898	29	(3,402)	8,555	1,834,080
Buildings	40	361,997	34	(6,047)	3,361	359,345
Transportation equipment	5-30	521,405	81	(15,074)	40,371	546,783
Furniture and other equipment	3-20	130,442	359	(5,898)	43,962	168,865
Total capital assets, being depreciated		2,842,742	503	(30,421)	96,249	2,909,073
Less accumulated depreciation for						
Rail right-of-way and stations		(628,717)	(48,559)	3,402	-	(673,874)
Buildings		(171,451)	(8,232)	6,047	-	(173,636)
Transportation equipment		(273,178)	(20,751)	15,074	-	(278,855)
Furniture and other equipment		(97,680)	(11,025)	5,857	-	(102,848)
Total accumulated depreciation		(1,171,026)	(88,567)	30,380	-	(1,229,213)
Total capital assets, being depreciated, net		1,671,716	(88,064)	(41)	96,249	1,679,860
Total capital assets, net		$ 2,552,654	$ 303,128	$ (1,257)	$ -	$ 2,854,525

Notes to Financial Statements

June 30, 2015
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5. Long-Term Debt

Long-Term Debt at June 30 consists of the following:

2015	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Payroll Tax Bonds:					
2005 Revenue Refunding Bonds, Series A	$ 21,210	$ -	$ (3,830)	$ 17,380	$ 4,025
2007 Revenue Bonds, Series A	36,760	-	(1,430)	35,330	1,485
2009 Revenue Bonds, Series A and B	44,185	-	(1,445)	42,740	1,490
2012 Senior Lien Payroll Tax Bonds, Series A	91,240	-	(2,090)	89,150	2,165
Payroll Tax and Capital Grant Receipt Revenue Bonds:					
2013 Payroll Tax and Grant Receipt Revenue Bonds	325,000	-	-	325,000	-
Capital Grant Receipt Revenue Bonds:	-				
Capital Grant Receipt Revenue Bonds, Series 2005	22,540	-	(9,660)	12,880	10,150
2011 Capital Grant Receipt Revenue Bonds	142,380	-	-	142,380	-
Capital Leases:	-				
Other	146	-	(84)	62	34
	683,461	-	(18,539)	664,922	19,349
Add (deduct):					
Unamortized bond premium	48,824	-	(8,614)	40,210	
Current portion	(18,539)			(19,349)	
Long-term debt, net	$ 713,746			$ 685,783	

2014	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Payroll Tax Bonds:					
2005 Revenue Refunding Bonds, Series A	$ 34,940	$ -	$ (13,730)	$ 21,210	$ 3,830
2007 Revenue Bonds, Series A	38,140	-	(1,380)	36,760	1,430
2009 Revenue Bonds, Series A and B	45,590	-	(1,405)	44,185	1,445
2012 Senior Lien Payroll Tax Bonds, Series A	93,290	-	(2,050)	91,240	2,090
Payroll Tax and Capital Grant Receipt Revenue Bonds:					
2013 Payroll Tax and Grant Receipt Revenue Bonds	325,000	-	-	325,000	-
Capital Grant Receipt Revenue Bonds:					
Capital Grant Receipt Revenue Bonds, Series 2005	31,740	-	(9,200)	22,540	9,660
2011 Capital Grant Receipt Revenue Bonds	142,380	-	-	142,380	-
Capital Leases:					
Other	393	-	(247)	146	84
	711,473	-	(28,012)	683,461	18,539
Add (deduct):					
Unamortized bond premium	58,202	-	(9,378)	48,824	
Current portion	(17,792)			(18,539)	
Long-term debt, net	$ 751,883			$ 713,746	

Total interest cost on all outstanding debt was $19,690 and $20,674 in fiscal years 2015 and 2014, respectively. During fiscal year 2015, $16,987 of interest cost was capitalized and $2,703 was charged to expense, while during fiscal year 2014, $13,066 of interest cost was capitalized and $7,608 was charged to expense.

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continued

Description of Debt:	June 30, 2015 Principal and interest to maturity	Principal and interest paid in the year	Pledged revenue for the year
Payroll Tax Bonds - pledged: Employer payroll, self employment tax, and state in lieu revenue			
2005 Revenue Refunding Bonds, Series A	$ 19,172	$ 4,795	
2007 Revenue Bonds, Series A	49,491	2,973	
2009 Revenue Bonds, Series A and B	66,580	3,505	
2012 Senior Lien Payroll Tax Bonds, Series A	149,641	6,505	
2013 Payroll Tax and Grant Receipts Bonds - Interest	33,425	11,650	
	$ 318,309	$ 29,428	$ 291,294
Capital Grant Receipt Revenue Bonds - pledged: Section 5307, STP, and CMAQ grant receipts			
Capital Grant Receipt Revenue Bonds, Series 2005	$ 13,337	$ 10,506	
2011 Capital Grant Receipt Revenue Bonds	195,371	6,826	
	$ 208,708	$ 17,332	$ 43,869
Capital Grant Receipt Revenue Bonds - pledged: Section 5309 full funding grant agreement revenues			
2013 Payroll Tax and Grant Receipts Bonds - Principal	$ 325,000	$ -	$ 100,000

The District is required to comply with certain bond covenants related to the operations of the District. Significant covenants include timely payment of principal and interest, and to budget appropriate funds needed to pay all debt service obligations.

Under U.S. Treasury Department regulations, all governmental tax exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the yield on earnings from the investment of tax exempt bond proceeds, which exceed yield on related bonds, must be remitted to the Federal Government on every fifth anniversary of each bond issue. The District has evaluated each bond issue and has recognized no arbitrage liabilities as of June 30, 2015 and 2014.

Payroll Tax Bonds

TriMet has the following Revenue Bonds outstanding which are backed by Payroll Tax Revenues: 2005 Revenue Refunding Bonds Series A, 2007 Revenue Bonds Series A, 2009 Revenue Bonds Series A and B and 2012 Senior Lien Payroll Tax Revenue Bonds Series A. The Revenue Bonds are payable from and secured by a pledge of the employer payroll and self employment taxes levied by the District. The Payroll Tax Revenue Bonds are not general obligations of the District.

2005 Revenue Refunding Bonds, Series A

On March 29, 2005, TriMet defeased in substance future principal and interest payments on its 1999 Revenue Bonds, Series A, of $30,345 and $12,724, and its 2000 Revenue Bonds, Series A, of $35,235 and $13,295, respectively, with the issuance of the 2005 Revenue Refunding Bonds, Series A (2005 Revenue Bonds). Final payment on the 1999 and 2000 bonds has been completed. The 2005 Revenue Bonds carry a face amount of $65,475 and mature serially each September 1, beginning September 1, 2005 through 2020. Interest is payable semiannually on September 1 and March 1, and fixed interest rate of 5.0 percent on outstanding maturities. The 2005 Revenue bonds are subject to redemption prior to maturity at the option of TriMet on any date on or after September 1, 2016, at a price of par (100%) plus accrued interest thereon to the date of redemption. On June 17, 2014, TriMet defeased in substance future principal and interest payments on a portion of its 2005 Revenue Refunding Bonds, Series A. As of June 30, 2015 there were $10,085, in defeased bonds with scheduled maturities on September 1, 2019 and 2020.

Notes to Financial Statements

June 30, 2015
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2005 Revenue Refunding Bonds, Series A, continued

Future maturities of the 2005 Revenue Refunding Bonds, Series A, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	$ 4,025	$ 768
2017	4,230	562
2018	4,450	345
2019	4,675	117
	$ 17,380	$ 1,792

2007 Revenue Bonds, Series A

On January 23, 2007, TriMet issued $45,450 in limited tax pledge 2007 Revenue Bonds, Series A (2007 Revenue Bonds) to fund the District's share of the I-205/Portland Mall Light Rail Project and other capital projects.

The 2007 Revenue Bonds mature serially each September 1, beginning September 1, 2007 through 2026, with a $13,025 term bond due September 1, 2031. The term bond is subject to mandatory sinking fund requirements annually on September 1, 2027 through 2031. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 4.0 percent to 5.0 percent on outstanding maturities. The 2007 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after March 1, 2017 at a price of par (100%) plus accrued interest thereon to the date of redemption.

Future maturities of the 2007 Revenue Bonds, Series A, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	$ 1,485	$ 1,470
2017	1,545	1,394
2018	1,605	1,324
2019	1,665	1,258
2020	1,730	1,190
2021-2025	9,770	4,794
2026-2030	11,995	2,493
2031-2032	5,535	238
	$ 35,330	$ 14,161

2009 Revenue Bonds, Series A and B

On October 27, 2009, TriMet issued $37,020 in limited tax pledge 2009 Revenue Bonds, Series A and $12,530 in 2009 Build America Bonds, Series B (2009 Revenue Bonds) to fund the District's repayment of funds drawn on interim financing and other capital projects.

The 2009 Series A Revenue Bonds mature serially each September 1, beginning September 1, 2010 through 2025, with a $16,405 term bond due September 1, 2029. The term bond is subject to mandatory sinking fund requirements annually on September 1, 2025 through 2029. The 2009 Series B Revenue Bonds mature September 1, 2033, and are subject to mandatory sinking fund requirements annually on September 1, 2030

Notes to Financial Statements
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2009 Revenue Bonds, Series A and B, continued

through 2033. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 3.0 percent to 5.73 percent on outstanding maturities. The 2009 Series A Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2019 at a price of par (100%) plus accrued interest thereon to the date of redemption. The 2009 Series B Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet at the higher of 100 percent of outstanding principal or the present value of the outstanding principal and interest payment remaining at redemption.

Future maturities of the 2009 Revenue Bonds, Series A and B, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	$ 1,490	$ 2,016
2017	1,540	1,962
2018	1,600	1,904
2019	1,660	1,842
2020	1,720	1,783
2021-2025	9,800	7,728
2026-2030	12,400	5,117
2031-2034	12,530	1,487
	$ 42,740	$ 23,839

2012 Senior Lien Payroll Tax Bonds, Series A

On August 30, 2012, TriMet issued $93,290 in Senior Lien Payroll Tax Revenue Bonds, Series 2012A to fund the District's share of PMLR and other capital projects.

The 2012 Revenue Bonds mature serially each September 1, beginning September 1, 2013 through 2032, with $28,705 in term bonds maturing on September 1, 2037. Interest is payable semiannually on March 1 and September 1 and fixed interest rates range from 1.0 percent to 5.0 percent on outstanding maturities. The 2012 Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after September 1, 2022, at a price of par (100%) plus accrued interest thereon to the date of redemption.

Future maturities of the 2012 Revenue Bonds, Series A, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	2,165	4,340
2017	2,265	4,240
2018	2,380	4,124
2019	2,490	4,015
2020	2,605	3,900
2021-2025	15,040	17,492
2026-2030	19,295	13,236
2031-2035	24,780	7,754
2036-2038	18,130	1,390
	$ 89,150	$ 60,491

Notes to Financial Statements

June 30, 2015
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continued

Payroll Tax and Grant Receipt Revenue Bonds

Payroll Tax and Grant Receipt Revenue Bonds, Series 2013

On March 7, 2013, TriMet issued $325,000 in Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 to provide interim financing for PMLR. Bond proceeds are being used to provide project cash flow in advance of federal grants.

The Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 bonds are payable from and secured by Section 5309 federal grant funds related to PMLR, with interest payable from a pledge of the employer and self employment taxes levied by the District, and debt service account. The Payroll Tax and Grant Receipt Revenue Bonds mature serially each November 1, beginning November 1, 2016 through 2019. Interest is payable semiannually on May 1 and November 1, and fixed interest rates range from 3.0 percent to 5.0 percent on outstanding maturities. The Payroll Tax and Grant Receipt Revenue Bonds, Series 2013 are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date 18 months before each serial maturity, prior to maturity at a price of par (100%) plus accrued interest thereon to the date of redemption.

Future maturities of the 2013 Payroll Tax and Grant Receipt Revenue Bonds, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	-	11,650
2017	90,000	10,300
2018	90,000	7,150
2019	90,000	3,500
2020	55,000	825
	$ 325,000	$ 33,425

Capital Grant Receipt Bonds

TriMet has issued two series of Capital Grant Receipt Revenue Bonds: Capital Grant Receipt Revenue Bonds Series 2005 and 2011 Capital Grant Receipt Revenue Bonds. The Grant Receipt Revenue Bonds are payable from and secured solely by a pledge of Section 5307, Surface Transportation Program (STP), and Congestion Mitigation and Air Quality (CMAQ) federal grants, or replacement grant programs and amounts credited to a debt service account.

Capital Grant Receipt Revenue Bonds, Series 2005

On June 23, 2005, TriMet issued $79,320 in Capital Grant Receipt Revenue Bonds, Series 2005 to finance a portion of capital cost and improvements of the transit system, including the Washington County Commuter Rail and I-205/Portland Mall Light Rail projects, Portland Streetcar extension, and to acquire transit buses. The Grant Receipt Revenue Bonds, Series 2005 are not general obligations of the District.

The Grant Receipt Revenue Bonds, Series 2005 mature serially each October 1, beginning October 1, 2006 through 2017. Interest is payable semiannually on April 1 and October 1, and fixed interest rates range from 3.50 percent to 5.0 percent on outstanding maturities. The 2005 Capital Grant Receipt Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after October 1, 2015 at a price of par (100%) plus accrued interest thereon to the date of redemption.

Notes to Financial Statements
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continued

Capital Grant Receipt Revenue Bonds, Series 2005, continued

Future maturities of the Capital Grant Receipt Revenue Bonds, Series 2005, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	$ 10,150	$ 354
2017	1,335	77
2018	1,395	26
	$ 12,880	$ 457

2011 Capital Grant Receipt Revenue Bonds

On June 20, 2011, TriMet issued $142,380 in 2011 Capital Grant Receipt Revenue Bonds to pay for a portion of the costs of capital projects, including new buses, construction on PMLR, and other regional projects. The 2011 Capital Grant Receipt Revenue Bonds are not general obligations of the District.

The 2011 Capital Grant Receipt Revenue Bonds mature serially each October 1, beginning October 1, 2016 through 2027. Interest is payable semiannually on April 1 and October 1 and fixed interest rates range from 2.5 percent to 5.0 percent on outstanding maturities. The 2011 Capital Grant Receipt Revenue Bonds are subject to redemption prior to maturity in whole or in part at the option of TriMet on any date on or after October 1, 2021 at a price of par (100%) plus accrued interest thereon to the date of redemption.

Future maturities of the 2011 Capital Grant Receipt Revenue Bonds, are as follows:

	Principal	Interest
Fiscal year ending June 30:		
2016	$ -	$ 6,826
2017	9,170	6,686
2018	9,450	6,320
2019	9,900	5,857
2020	10,380	5,382
2021-2025	59,905	18,591
2026-2028	43,575	3,329
	$ 142,380	$ 52,991

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continued

6. Risk Management

In conjunction with its normal operations, the District is exposed to various risks related to the damage or destruction of its assets, tort/liability claims, injuries to personnel, and errors and omissions. To this end, the District has developed a comprehensive risk management program, utilizing insurance and self insurance resources, to provide protection from these exposures.

The Oregon Tort Claims Act (the Act) is the common law sovereign immunity from suit for public bodies in Oregon, including TriMet. Prior to July 1, 2009, the Act capped the liability of public bodies, including TriMet, at $200 for individual claims. In addition, the public body may be substituted as a defendant in lieu of individual employees of the public body, thereby limiting recovery for claims against individual employees to the limits applicable to public bodies. Under the Act, TriMet currently indemnifies its employees for any liability that they incur within the scope of their work. Effective July 1, 2009, Oregon SB 311 increased the per claim damage limits under the Oregon Tort Claims Act to $500 and the per occurrence damage limit to $1,000, for events occurring after July 1, 2009. The limits are subject to per claims per occurrence changes based on changes to the consumer price index. At June 30, 2015, the per claims limit was $667 and the per occurrence limit was $1,333.

The District is self-insured for all public liability claims, subject to the limits under Oregon SB 311. The District is self-insured to the extent of the first $2,000 per occurrence for industrial accident claims. The District provides for the estimated losses to be incurred from the pending and potential claims that result from industrial and public liability accidents occurring prior to year end. The liabilities include estimated claims that have been incurred but not reported and development of existing claims of $4,359 and $4,759 for 2015 and 2014, respectively. The District's policy is to record claims incurred but not reported at the estimated level of the undiscounted liability. The liabilities are based on the ultimate cost of settling the claims, including the effects of inflation and other legal and economic factors.

Changes in the District's public liability and industrial accident claims liabilities are as follows for the years ended June 30, 2015 and 2014:

	2015		2014	
	Industrial accident claims	Public liability	Industrial accident claims	Public liability
Liability at beginning of year	$ 7,571	$ 3,355	$ 5,309	$ 5,456
Current year claims	2,551	460	2,909	546
Changes in estimates for claims of prior periods	(1,400)	1,949	3,023	937
Payments of claims	(3,076)	(1,447)	(3,670)	(3,584)
Liability at end of year	$ 5,646	$ 4,317	$ 7,571	$ 3,355

Based on historical experience, the District has classified $4,462 and $4,715 of the industrial accident and public liability claims liabilities as current liabilities, at June 30, 2015 and 2014, respectively.

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June 30, 2015
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continued

7. Other Long-term Liabilities

Other long-term liabilities include public liability and industrial accident claims liabilities, unearned lease revenue, rent payable, and long-term employee sick leave as follows:

2015	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	$ 7,571	$ 2,551	$ (4,476)	$ 5,646	$ 2,829
Employee dental insurance	340	-	-	340	340
Other claims	2,902	491	-	3,393	3,393
Public liability	3,355	2,409	(1,447)	4,317	1,633
Total claims liability	14,168	5,451	(5,923)	13,696	8,195
Long-term employee sick leave	2,277	591		2,868	-
Rent payable	1,710		(227)	1,483	-
Unearned lease revenue	2,274		(25)	2,249	-
Total other liabilities	20,429	6,042	(6,175)	20,296	8,195
Deduct current portion	(7,957)			(8,195)	
Other long-term liabilities	$ 12,472			$ 12,101	

2014	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Uninsured claims liability:					
Industrial accident claims	$ 5,309	$ 5,932	$ (3,670)	$ 7,571	$ 3,443
Employee dental insurance	340	-	-	340	340
Other claims	5,145	-	(2,243)	2,902	2,902
Public liability	5,456	1,483	(3,584)	3,355	1,272
Total claims liability	16,250	7,415	(9,497)	14,168	7,957
Long-term employee sick leave	2,271	6	-	2,277	-
Rent payable	1,820	-	(110)	1,710	-
Unearned lease revenue	2,298	-	(24)	2,274	-
Total other liabilities	22,639	7,421	(9,631)	20,429	7,957
Deduct current portion	(12,890)			(7,957)	
Other long-term liabilities	$ 9,749			$ 12,472	

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June 30, 2015
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continued

8. Lease Transactions

Office and equipment leases

The District leases office space under non-cancelable operating leases. Total costs for such leases were $1,059 and $1,391 in 2015 and 2014, respectively. The future minimum lease payments for these leases are as follows:

Fiscal year ending June 30:		
2016	$	1,425
2017		1,457
2018		1,322
2019		1,351
2020		1,321
Thereafter		4,261
	$	11,137

1997 and 1998 Lease transactions

During fiscal years 1997 and 1998, the District entered into two sale-leaseback transactions for 31 light rail vehicles with a foreign investor. Equipment sales to the foreign investor resulted in original proceeds to the District of $80,600. The investor leased all assets back to the District for a period of 18 years. The leases qualify for accounting treatment as operating leases. Using the proceeds of the sales, the District fully funded payment agreements with American International Group, Inc. and its subsidiaries (AIG) totaling $65,849. Under the payment agreements, AIG is obligated to make all required lease payments. The prepayments by the District to AIG are recorded as prepaid lease expense in the accompanying statement of net position and are expensed over the term of the lease. The payment agreements do not constitute legal defeasance. Thus, if AIG fails to fulfill its contractual obligation to make future lease payments, the District may be required to meet all financial obligations required under the lease transaction.

Under the foreign sale-leaseback agreement, the foreign investor has a put option which requires the District to buy back the leased equipment if exercised. If the investor does not exercise the put option, the District may offer to buy the equipment pursuant to the terms of the lease agreement and the lessor shall accept such offer. The District also deposited $11,995 with AIG, which represented the present value of the options at the buy back dates. These deposits earn interest at rates ranging from 5.3 percent to 5.9 percent and are recorded as long-term restricted lease deposits on the District's statement of net position. The interest earned on the restricted deposits is recorded as a component of net leveraged lease expense on the statements of revenues, expenses and changes in net position. The arrangement discussed in this paragraph does not constitute legal defeasance. Thus, if AIG fails to fulfill its contractual obligation to fund TriMet's buy back of the vehicles, the District may be required to complete the buy back with other funds. In June 2015, the foreign investor exercised the first of two put options related to these leases. Payment and transfer of asset ownership under this option is scheduled for December 2015.

In simultaneous transactions, the District leased its leasehold interest (the Head Leases) in the equipment to domestic third party investors (the Leasehold Investors) under the 1998 and 1997 leasehold agreements. The Head Leases qualified for accounting treatment as operating leases. The Leasehold Investors prepaid all required lease payments totaling $175,849, which was recorded as unearned lease revenue on the accompanying statement of net position. The unearned revenue is recognized over the terms of the leases. At June 30, 2015 and 2014, one leasehold agreement for 12 light rail vehicles remains, and is scheduled for completion in January 2016. The 1998 and 1997 Leasehold Investors sublet all assets back to the District for a period of 18 and 15 years, respectively. The subleases also qualify as operating leases. TriMet used the proceeds of the lease transactions to fully fund payment agreements with AIG totaling $130,562. Under the terms of the payment agreements, AIG is required to make all sublease payments. The prepayments are recorded as prepaid lease expenses in the accompanying statement of net position and are expensed over the terms of the leases.

The operative documents of the 1997 and 1998 transactions were reviewed and approved by the U.S. Department of Transportation acting through the Federal Transit Administration. In exchange for its participation in the transactions discussed above, the District received net cash proceeds of $15,953, which are recorded as deferred inflows of resources and are amortized over the lease terms.

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In the event AIG's ratings are downgraded by Standard & Poors below "AA" or by Moody's below "Aa3", AIG is required to pledge collateral equal to the present value of AIG's future obligations under those agreements. In September 2008, AIG was downgraded to A- by Standard & Poors and A2 by Moody's, thus triggering the collateral requirement. By November 2008, AIG had met all collateralization requirements. As of June 30, 2015 and 2014, a third party custodian is holding securities with a market value of $15,477 and $15,107, respectively, in satisfaction of AIG's collateralization requirements. In addition, TriMet was required to replace three standby letters of credit issued by AIG. In lieu of replacing the letters of credit, and with consent of the equity investors, TriMet pledged supplemental collateral held by a third party totaling $600, which is recorded as a restricted investment on the Statement of Net Position. AIG is rated A- by Standard & Poors, and Baa1 by Moody's at June 30, 2015.

As of June 30, 2015, TriMet is not aware of any default, event of default or event of loss under any of the operative documents.

The following is a summary of TriMet's remaining obligations (including purchase option payments) under the two foreign sale-leaseback transactions and one remaining lease-leaseback transaction:

	AIG uncollateralized	AIG collateralized	Total payment obligations
Fiscal year ending June 30:			
2016	$ 19,971	$ 42,820	$ 62,791
2017	-	5,051	5,051
	$ 19,971	$ 47,871	$ 67,842

2005 Lease transaction

In November 2005, the District entered into a series of agreements related to 28 light rail vehicles. In simultaneous transactions, the District leased the 28 light rail vehicles (the Head Lease) to a trust (TriMet 2005 Statutory Trust) for the benefit of a third party investor (2005 Equity Investor) for a basic term of 28 or 29 years, depending on the age of the vehicles. The Head Lease qualifies for accounting treatment as a capital lease. The trust subleased all 28 vehicles back to the District (the Lease Agreement) for a period of 28 or 29 years. The sublease also is recorded as a capital lease. The District received all required lease payments totaling $123,700, which have been recorded in the accompanying statement of net position as unamortized gain of $12,557 (before expenses of $911) and a long-term lease liability for lease payments of $111,143. The liability is reduced as lease payments are made over the term of the lease. The District's net benefit from the 2005 transactions was $11,646. The net benefit is recorded as deferred inflows of resources and is recognized over the basic term of the lease. Leased assets are included within Capital Assets and depreciation of the leased assets is recorded over the term of the lease. The Federal Transit Administration reviewed the operative documents and approved the transaction.

TriMet used $111,143 of the proceeds from the Head Lease transaction to fully fund three payment agreements ($84,382 to Premier International Funding Co. for the Series A Payment Agreement and $26,761 to MBIA Inc. for the Equity Payment Undertaking Agreement and the Debt Payment Undertaking Agreement). The obligations of Premier International Funding Co. are unconditionally and irrevocably guaranteed by Financial Security Assurance Inc. (FSA), which has subsequently been acquired by Assured Guaranty Ltd. In February 2009, TriMet terminated the MBIA Equity Payment Undertaking agreement and received $28,033 and terminated the Debt Payment Undertaking Agreement and received $14,528. Simultaneously, TriMet purchased and placed in trust US Treasury securities for $28,399 to collateralize all future equity payment obligations. The debt payment obligations have not been collateralized and are general obligations of TriMet. Net of transaction expenses, the 2009 MBIA termination created $13,954 in net benefit. The net benefit is recorded as deferred inflow of resources and is recognized over the remaining term of the lease.

The District's prepayment of the payment agreements is recorded within prepaid lease expenses in the accompanying statement of net position and is reduced as payments are made over the term of the lease. The payment agreements do not constitute legal defeasance.

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The 2005 leases include the following trigger events relating to TriMet: (1) outstanding General Obligation Bond ratings are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or if General Obligation Bonds are no longer rated, long-term senior payroll tax revenue bonds are downgraded by Standard & Poors below "A+" or by Moody's below "A1", or (2) TriMet becomes eligible to be a debtor under Bankruptcy code, or (3) TriMet loses its taxing authority related to payroll and self-employment taxes. If a trigger event occurs, TriMet is required to provide equity strip collateral in amounts defined in the lease agreements. TriMet's long-term senior lien payroll tax revenue bonds are rated AAA by Standard & Poors and Aa1 by Moody's at June 30, 2015. As of June 30, 2015, TriMet is not aware of any default, event of default or event of loss under any of the operative documents. The total outstanding lease obligations under the 2005 leases are as follows:

	FSA uncollateralized	US Treasuries in trust	TriMet obligation	Total payment obligations
Fiscal year ending June 30:				
2016	$ 13,450	$ -	$ -	$ 13,450
2017	-	-	-	-
2018	-	28	-	28
2019	780	-	-	780
2020	2,629	-	-	2,629
2021-2025	2,534	110	1,024	3,668
2026-2030	-	135	-	135
2031-2035	71,563	33,085	9,587	114,235
2036-2038	-	35,475	-	35,475
	$ 90,956	$ 68,833	$ 10,611	$ 170,400

Legislative and regulatory activities

Pursuant to the terms of the tax indemnity agreements of TriMet's 1997 and 1998 lease transactions, unless an indemnification event occurs, the District bears no liability for the related adverse U.S. federal income tax consequence to the domestic investors. As of June 30, 2015, no indemnity claims have been made against TriMet. With respect to TriMet's 1997 and 1998 lease transactions, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), as codified in Section 4965 of the Internal Revenue Code of 1986 as amended (Code), the guidance provided by the Internal Revenue Service (IRS) in IRS Notice 2007-18 published on February 7, 2007 and the Proposed and Temporary Regulations released on July 6, 2007 subsequently thereto, TriMet does not have a TIPRA excise tax liability.

Financial Statement Summary

The following is a summary of amounts related to the lease transactions as of June 30:

Assets:	2015	2014
Prepaid lease expense - current	$ 10,956	$ 674
Prepaid lease expense	80,141	85,836
Long-term restricted lease deposit	35,376	43,156
Total assets	$ 126,473	$ 129,666
Liabilities:		
Unearned lease revenue - current	$ 10,956	$ 674
Unearned lease revenue	5,051	16,007
Long-term lease liability	65,727	66,967
Total liabilities	81,734	83,648
Deferred Inflows of Resources:		
Unamortized gain on leases	18,370	19,444
Total liabilities and deferred inflows of resources	$ 100,104	$ 103,092
Net leveraged lease expense	$ 206	$ 317

Notes to Financial Statements

June 30, 2015
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continued

9. Commitments and Contingencies

TriMet has active light rail construction and other capital projects, as well as other funding commitments. Authorized commitments unexpended as of June 30, 2015 were $367,745.

The District is a defendant in various legal actions resulting from normal transit operations. Although the outcome of such actions cannot presently be determined, it is the opinion of management and legal counsel that settlement of these matters will not have a material adverse affect on the District's financial position, results of operations or cash flows.

10. Enterprise Fund Pension Benefits

Union Defined Contribution Plan

TriMet contributes to a single employer defined contribution plan - the TriMet Defined Contribution Retirement Plan for Union Employees ("the Union DC Plan"). A third party administrator, ICMA-RC, provides administration of the Union DC Plan trust. The TriMet Board of Directors ("Board") has appointed a committee to oversee the Union DC Plan. Funding of the defined contribution plan is performed on a perpetual basis as part of the District's normal payroll processes.

Plan description

Effective July 13, 2012, the District adopted the Union DC Plan in accordance with Internal Revenue Code (IRC) Section 401(a). Participation in the Union DC Plan is mandatory for all union employees hired on or after August 1, 2012. Under the Union DC Plan, the District will contribute 8.0 percent of considered compensation each pay period. Considered compensation is taxable compensation plus employee elected pre-tax deferrals, less overtime pay, bonuses, commissions, or other extraordinary pay and cash-out of unused vacation. Within 30 days of becoming eligible for the Union DC Plan, employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Voluntary, after-tax employee contributions, up to 15 percent of compensation, are allowed and may be adjusted by the employee at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions, in conjunction with the Working and Wage Agreement.

Basis of accounting

The Union DC Plan uses the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are earned.

Method used to value investments

Plan investments are reported at fair value. Fair value of securities is determined by the plan asset managers.

As of June 30, 2015 and 2014, there were 672 and 420 active employees, respectively, covered by the Union DC Plan. District contributions to the Union DC Plan were $1,448 and $673 for the years ending June 30, 2015 and 2014, respectively. Employee contributions to the Union DC Plan were $754 and $245 for the years ending June 30, 2015 and 2014, respectively.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

Management Defined Contribution Plan

TriMet contributes to a single employer defined contribution plan - the TriMet Defined Contribution Retirement Plan for Management and Staff Employees ("the Management DC Plan"). A third party administrator, ICMA-RC, provides administration of the Management DC Plan trust. The TriMet Board of Directors ("Board") has appointed a committee to oversee the Management DC Plan. Funding of the defined contribution plan is done on a perpetual basis as part of the District's normal payroll processes.

Plan description

Effective April 27, 2003, the District adopted the Management DC Plan in accordance with Internal Revenue Code (IRC) Section 401(a). Participation in the Management DC Plan is mandatory for all non-union employees hired after April 26, 2003. All non-union employees hired before April 27, 2003 were required to make an irrevocable election to (1) stay in TriMet Defined Benefit Retirement Plan for Management and Staff Employees ("the Management DB Plan"), (2) freeze their credited service as of April 27, 2003 in the Management DB Plan (but not their final average salary) and be covered by the Management DC Plan for all service after April 26, 2003, or (3) transfer the present value of their accrued benefit under the Management DB Plan as of April 27, 2003 to the Management DC Plan and be covered by the Management DC Plan for all service after April 26, 2003.

Under the Management DC Plan, the District contributes 8.0 percent of considered compensation each pay period. Considered compensation is taxable compensation plus employee elected pre-tax deferrals, less overtime pay, bonuses, commissions, or other extraordinary pay and cash-out of unused vacation. Within 30 days of becoming eligible for the Management DC Plan, employees make a one-time irrevocable election to contribute between zero and 15 percent of their compensation to the Plan on a pretax basis. Voluntary, after-tax employee contributions, up to 15 percent of compensation, are allowed and may be adjusted by the employee at any time. Plan participants fully vest in the District's contributions after three years of service with the District. Upon severance from employment, TriMet will contribute 60 percent of the employee's unused sick leave (up to a maximum of 1,700 hours) to the employee's account. The TriMet Board has authority over amendments to plan benefit and contribution provisions.

Basis of accounting

The Management DC Plan uses the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are earned.

Method used to value investments

Plan investments are reported at fair value. Fair value of securities is determined by the plan asset managers.

As of June 30, 2015 and 2014 there were 300 and 287 active employees, respectively, covered by the Management DC Plan. District contributions to the Management DC Plan were $1,929 and $1,824 for the years ending June 30, 2015 and 2014, respectively. Employee contributions to the Management DC Plan were $713 and $635 for the years ending June 30, 2015 and 2014, respectively.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

11. Other Employee Benefits

Deferred compensation plan

The District offers all employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457(b). The plan permits employees to defer a portion of their current salary until termination, retirement, death or financial hardship. All assets and income of the plan are in a trust for the exclusive benefit of the participants and their beneficiaries. Plan participant investments are determined by the employee participants. The Board appoints a committee to perform the administrative and fiduciary responsibilities of the employer under the plan.

Compensated absences

Union employees receive paid vacation benefits in accordance with the Working and Wage Agreement. Employees are eligible for one to six weeks of vacation depending on their years of service with the District. Non-union employees receive similar vacation benefits as prescribed by TriMet's personnel policies. As of June 30, 2015 and 2014, the District's vacation pay liability was $10,866 and $10,442, respectively, all of which was classified as a current liability in Accrued payroll.

Postemployment benefits other than pension

Plan description

TriMet provides postemployment health care and life insurance benefits (OPEB), in accordance with the Working and Wage Agreement for union employees and TriMet's personnel policies to all eligible employees and their qualified dependents, who retire from the District on or after attaining age 55 with service of at least 10 years for union employees and five years for non-union employees hired before April 27, 2003 and 10 years for non-union employees hired before May 1, 2009. The District pays a portion of the premiums for primary medical and hospitalization, dental and vision benefits for eligible retirees and spouses. TriMet-provided benefits are secondary to Medicare benefits, where applicable. The District provides a $10 life insurance benefit to union retirees and non-union retirees. The District's postemployment insurance plan does not issue a financial report.

Annual OPEB cost and net OPEB obligation

The District's annual OPEB cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize unfunded actuarial liabilities over a closed period of 30 years. A schedule of the components of the District's annual OPEB cost is presented below:
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	2015	2014	2013
Annual required contribution (ARC)	$ 73,999	$ 94,145	$ 81,869
Interest on net OPEB obligation	15,080	13,342	13,074
Adjustment to annual required contribution	(27,320)	(16,393)	(14,055)
Annual OPEB cost	61,759	91,094	80,888
Contributions made	(17,617)	(16,020)	(15,649)
Increase in net OPEB obligation	44,142	75,074	65,239
Net OPEB obligation - beginning of year	430,867	355,793	290,554
Net OPEB obligation - end of year	$ 475,009	$ 430,867	$ 355,793
Percentage of annual OPEB cost contributed	29%	18%	19%

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

Postemployment benefits other than pension, continued

Funding policy

The District has a trust fund for future net OPEB obligations. In fiscal year 2012, the District funded $400 into the trust fund. The District pays for the premiums for eligible retirees. Retirees may not convert the benefit into an in lieu payment to secure coverage under independent plans. There were 2,285 and 2,216 union and non-union retirees, dependents, and surviving spouses receiving the postemployment health care and life insurance benefits, at December 31, 2015 and 2014, respectively. The District's contribution covers actual pay-as-you-go funding requirements. The District contributed costs of postemployment health care and life insurance benefits totaling $17,617 and $16,020 in fiscal year 2015 and 2014, respectively.

Funded status and funding progress

The schedule of funding progress is presented below:

Schedule of funding progress
As of January 1
(dollars in thousands)

Actuarial valuation date	2015	2014	2013
Actuarial value of assets	$ 401	$ 401	$ 401
Actuarial accrued liability (AAL)	711,180	949,993	852,756
Unfunded AAL (UAAL)	$ 710,779	$ 949,592	$ 852,355
Funded ratio	0%	0%	0%
Covered payroll	$ 154,966	$ 145,469	$ 151,180
UAAL as a percentage of covered payroll	459%	653%	564%

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2015 actuarial valuation, the funding method used to develop the actuarial required contribution is entry age normal, with normal cost developed as a level percentage of payroll. Significant actuarial assumptions used in the valuation include a discount rate of 3.5 percent, and health care cost rates varying from 5.25 percent to 6.75 percent for the major medical component for participants. The District's UAAL is being amortized using the level-percent of pay method with a closed group 30 year amortization methodology. At June 30, 2015 there are 23 years of amortization remaining. Changes to the actuarial assumptions in the January 1, 2015 valuation include: decrease of the discount rate from 3.75 percent to 3.50 percent; update of health care claims costs and trend rates; annual payroll increase assumption for purposes of amortizing the unfunded AAL was decreased from 3.0 percent to 2.0 percent; and update of demographic assumptions for disability incidence, mortality, retirement rates, withdrawal rates and spouse age differences.

Notes to Financial Statements
June 30, 2015
(dollars in thousands)
continued

12. TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. TriMet is the sole administrator for the TriMet Defined Benefit Retirement Plan for Management and Staff Employees ("Management DB Plan"). The Management DB Plan is a governmental plan maintained and operated solely by TriMet. The TriMet Board has appointed four people to oversee the Management DB Plan.

TriMet recorded $(972) and ($1,123) in pension expense for the Management DB Plan in the years ended June 30, 2015 and 2014, respectively.

Plan description

The Management DB Plan is a single-employer defined benefit plan. The plan covers all TriMet non-union employees hired before April 27, 2003 who are not covered by the Management DC Plan. The plan is closed to new enrollment. Participation began at the date of hire with benefits being 100 percent vested after five years of service. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life. Benefits vary based on final average salary, job classification and date of hire. Vested non-union employees convert unused sick leave to monthly pension benefits at a rate of final average salary (stated on an hourly basis) multiplied by one-half of unused sick leave (up to a maximum of 850 hours) divided by 101.9. Benefits in payout status are increased annually by 90 percent of the percentage increase in the U.S. Consumer Price Index. The Management DB Plan is contained in a plan document originally adopted on December 7, 1970, restated as of June 30, 1988, restated as of December 31, 2002, subsequently amended as of January 1, 2004, March 22, 2005, July 1, 2005, July 1, 2006 and restated as of January 1, 2008, and amended as of December 13, 2011 and June 7, 2012 and restated as of July 1, 2013. Amendments to the plan are authorized by the TriMet Board of Directors. TriMet is required to maintain funds under the Management DB Plan sufficient to pay benefits when due. No employee contributions are required or permitted under the Management DB Plan.

The following is a summary of plan participants at June 30, 2015 and 2014:

	2015	2014
Active employees	141	153
Retirees and beneficiaries:		
Receiving benefits	234	223
Deferring benefits	-	3
Deferred Retirement benefits		
Terminated employees	96	95
Transfers to union plan	26	29
Disabled employees	3	3
Total Participants	500	506

Summary of accounting policies

The financial statements are prepared using the accrual basis of accounting. TriMet contributions are recognized in the period in which the contributions are earned. Benefits are recognized when due and payable in accordance with the terms of the plan.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
Continued

Investment policy and method to value investments

The Management DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: Domestic equities, International equities, Fixed income securities, Tactical Asset Allocation Strategy funds, Private real estate investments, Absolute return investment funds, Private equity investments, and Private credit funds. Plan investments are reported at fair value. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager.

Rate of Return

For the years ended June 30, 2015 and 2014, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.9 percent and 15.6 percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – concentration of credit risk

The plan trustees have adopted an Investment Policy which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following are the trustee adopted asset allocation policies as of June 30, 2015, 2014 and 2013:

	2015	2014	2013
Fixed income	14%	14%	20%
U.S. equity	24%	24%	34%
International equity	17%	17%	15%
Tactical asset allocation	15%	15%	15%
Absolute return	14%	14%	10%
Private real estate	7%	7%	3%
Private equity	2%	2%	3%
Private credit	7%	7%	0%
Total	100%	100%	100%

As of June 30, 2015, 2014 and 2013, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

	2015	2014	2013
Ryan Labs Core Bond Fund	16.6%	0.0%	0.0%
PIMCO All Asset Fund	13.3%	14.7%	14.6%
State Street RAFI US 1000 Fund	11.1%	13.9%	17.1%
Vanguard Russell 1000 Index Fund	10.4%	13.8%	15.5%
Vanguard Total International Stock Fund	8.6%	8.9%	6.9%
Capital Guardian International Fund	8.4%	8.9%	8.0%
RREEF America REIT II	7.6%	2.5%	2.7%
AQR Enhanced Style Premia Fund, L.P.	6.7%	0.0%	0.0%
Aurora Offshore Class AA	0.0%	7.4%	5.9%

Notes to Financial Statements
June 30, 2015
(dollars in thousands)
continued

Funding policy and net pension liability

The funding policy of the Management DB Plan provides for an actuarially determined contribution (ADC) calculated using the individual entry age normal actuarial cost method. The ADC consists of normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is determined as the level percentage of pay basis over the service of the active employees between entry age and assumed exit age. Past service liabilities are amortized over a closed ten year period. The components of the net pension liability of the Management DB Plan were as follows:

Net pension liability As of June 30	2015	2014	2013
Total pension liability	$ 129,132	$ 123,740	$ 121,918
Plan fiduciary net position	111,100	107,119	91,335
Net pension liability	$ 18,032	$ 16,621	$ 30,583
Plan fiduciary net position as a percent of total pension liability	86.0%	86.6%	74.9%
Annual covered payroll	$ 12,751	$ 13,142	$ 14,200
Unfunded AAL as a percentage of covered payroll	141.5%	126.6%	215.4%

Actuarial methods and assumptions

Significant actuarial assumptions used in the valuation include a rate of return on the investment of present and future assets of 6.5 percent, discount rate on plan liabilities of 6.5 percent, an annual post-retirement benefit increase of 2.475 percent, and annual salary increases of 2.75 percent. Mortality rates were based on the RP 2014 Mortality Table for males and females, projected 10 years past the valuation date using Scale BB. All participants are assumed to retire by the age of 67, with a certain percentage of active participants assumed to elect retirement beginning at age 55. Significant changes to assumptions in the valuation dated June 30, 2015 include changes to the application of the individual entry age normal actuarial cost method allocations, changing the assumed timing of retirements from the end of year to mid-year, use of an explicit administrative expense assumption of $90, reduction of the inflation and future salary increase assumptions to 2.75 percent, and demographic assumptions for mortality, retirement rates, withdrawal rates, disability incidence, sick leave, spouse age difference and form of payment were changed based upon a high level review of recent historical experience. Net pension liability has been measured and reported as of June 30, 2015.

The long-term expected rate of return on pension plan investments of 6.5 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Estimated real rates of return by asset class were as follows at June 30, 2015:

Long-Term Expected Real Rate of Return **Asset Class**	
Fixed income	2.1%
U.S. large-mid cap equities	5.5%
U.S. small cap equities	6.4%
International equity	6.3%
Tactical asset allocation	4.2%
Absolute return	2.6%
Private real estate	4.2%
Private equity	9.3%
Private credit	4.5%

Notes to Financial Statements

June 30, 2015
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continued

The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Changes in net pension liability

The following table presents the changes in the net pension liability for the years ended June 30, 2015, 2014, and 2013:

Management DB Plan

	2015	2014	2013
Total pension liability			
Service cost	$ 505	$ 793	$ 906
Interest cost	7,931	8,454	7,903
Benefit payments	(4,458)	(3,892)	(3,519)
Changes of benefit terms	-	-	1,711
Change in assumptions	(2,178)	(531)	1,015
Experience (gain) loss	3,592	(3,002)	152
Net change in total pension liability	5,392	1,822	8,168
Total pension liability, beginning	123,740	121,918	113,750
Total pension liability, ending	129,132	123,740	121,918
Plan fiduciary net position			
Contributions	(6,559)	(5,602)	(9,776)
Expected investment income	(7,022)	(6,354)	(5,372)
Difference between actual and expected income	5,142	(7,720)	(4,728)
Benefit payments	4,458	3,892	3,519
Net change in plan fiduciary net position	(3,981)	(15,784)	(16,357)
Plan fiduciary net position, beginning	(107,119)	(91,335)	(74,978)
Plan fiduciary net position, ending	(111,100)	(107,119)	(91,335)
Net pension liability, ending	$ 18,032	$ 16,621	$ 30,583
Plan fiduciary net position as a percent of total pension liability	86%	87%	75%
Covered payroll	$ 12,751	$ 13,142	$ 14,200
Net pension liability as a percent of covered payroll	141%	126%	215%

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the sensitivity of the net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

Discount rate	Net pension liability
1% decrease (5.5%)	$ 35,744
Current discount rate (6.5%)	18,032
1% increase (7.5%)	3,331

Deferred Inflows and Outflows of Resources

The following table presents the components of Deferred inflows and outflows of resources for the Management DB Plan for the years ended June 30, 2015, 2014 and 2013:

Deferred outflows	2015	2014	2013
Differences between projected and actual earnings on pension investments	$ 5,100	$ 2,172	$ 3,257
Changes in assumptions	-	34	561
Differences between expected and actual experience in the measurement of total pension liability	829	5	410
Total deferred outflows	$ 5,929	$ 2,211	$ 4,228
Deferred inflows			
Differences between projected and actual earnings on pension investments	$ (6,523)	$ (10,636)	$ (7,029)
Changes in assumptions	(503)	(1,371)	-
Differences between expected and actual experience in the measurement of total pension liability	-	(243)	-
Total deferred inflows	$ (7,026)	$ (12,250)	$ (7,029)

The following table presents the future amortization of Deferred inflows and outflows of resources for the Management DB Plan:

	Deferred outflows	Deferred inflows
2016	$ 2,918	$ (2,992)
2017	1,004	(2,490)
2018	1,004	(1,544)
2019	1,003	-
2020	-	-
Thereafter	-	-
	$ 5,929	$ (7,026)

Notes to Financial Statements

June 30, 2015
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continued

13. Pension Plan for Bargaining Unit Employees of TriMet Trust Fund

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. TriMet is the sole administrator for the Pension Plan for Bargaining Unit Employees of TriMet ("Bargaining Unit DB Plan"). The Bargaining Unit DB Plan is a governmental plan maintained and operated solely by TriMet. Three trustees appointed by the TriMet Board and three union representatives appointed by the Amalgamated Transit Union ("Union") oversee the Bargaining Unit DB Plan.

TriMet recorded $23,028 and $25,539 in pension expense for the Bargaining Unit DB Plan in the years ending June 30, 2015 and 2014, respectively.

Plan description

The Bargaining Unit DB Plan is a single-employer defined benefit plan. The Bargaining Unit DB Plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired in a union position before August 1, 2012. Eligible union employees begin to participate on their date of hire, with benefits being 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age 58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments. Pension benefits for covered members retiring after February 1, 2015 are $81.34 per month, per year of service. Effective with the current Working and Wage agreement, each February 1, the retirement benefit is adjusted based on the amount of any general wage adjustments received by bargaining unit employees during the previous 12 months. Pension benefits for retirees in payout status are adjusted each February 1, also based on the general wage adjustments during the prior 12 months. Effective July 12, 2012, pension benefits for retirees in payout status will be adjusted each May 1, based upon the U.S. Urban Wage Earners and Clerical Workers Consumer Price Index (CPI) (annual average). Provisions of the Working and Wage Agreement between TriMet and the Union effective December 1, 2009, requires vested union employees to convert any unused accumulated sick leave (up to a maximum of 1,700 hours) to monthly pension benefits at a rate of 25 cents per hour. Amendments to the plan are made under provision in the Working and Wage Agreement. No employee contributions are required or permitted under the Bargaining Unit DB Plan. Benefit provisions are established and amended through provisions of the Working and Wage Agreement between TriMet and the Union.

The following is a summary of plan participants at June 30, 2015 and 2014:

	2015	2014
Active employees	1,706	1,817
Retirees and beneficiaries:		
Receiving benefits	1,611	1,518
Deferred Retirement benefits:		
Terminated employees	133	140
Transfers to management plan	64	60
Total Participants	3,514	3,535

Summary of accounting policies

The financial statements are prepared using the accrual basis of accounting. TriMet contributions are recognized in the period in which the contributions are earned. Benefits are recognized when due and payable in accordance with the terms of the plan.

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

Investment policy and method to value investments

The Bargaining Unit DB Plan investment policy allows the plan to utilize multiple professional investment management firms to implement the investment program. The long-term performance objective of the plan is to achieve a compound rate of return on invested assets consistent with the forward looking return assumptions adopted annually by the trustees of the plan. Eligible investments include the following: Domestic equities, International equities, Fixed income securities, Tactical Asset Allocation Strategy funds, Private real estate investments, Absolute return investment funds, Private equity investments, and Private credit funds. Plan investments are reported at fair value. Fair value of securities is determined by the plan asset managers at quoted market price, where available, except for securities which are not actively traded, which are valued at net asset value by the asset manager.

Rate of Return

For the years ended June 30, 2015 and 2014, respectively, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.7 percent and 17.3 percent. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – concentration of credit risk

The plan trustees have adopted an Investment Policy which defines target allocations in each class of investment. The target allocations are based upon asset liability studies, which are performed every five years. The following is the trustee adopted asset allocation policy as of June 30, 2015 and 2014:

	2015	2014
U.S. equity	30%	40%
Fixed Income	10%	0%
International equity	22%	15%
Tactical asset allocation	8%	20%
Absolute return	15%	15%
Private real estate	10%	6%
Private equity	3%	4%
Private credit	2%	0%
Total	100%	100%

As of June 30, 2015, 2014 and 2013, the plan had the following investments of more than 5% of the total Plan fiduciary net position:

	2015	2014	2013
State Street RAFI US 1000 Index Fund	13.6%	18.5%	18.6%
Vanguard Russell 1000 Index Fund	13.5%	15.2%	14.9%
Capital Guardian International All Countries Equity Class Db	11.4%	7.9%	7.8%
Vanguard Total International Stock Index Fund	11.0%	7.9%	7.5%
I Shares Russell 1000 Index E T F	11.0%	3.3%	2.9%
PIMCO All Asset Fund	7.5%	9.4%	10.4%
RREEF America REIT II	6.8%	3.9%	3.2%
AQR Enhanced Style Premia Fund, L.P.	5.4%	0.0%	0.0%
Aurora Offshore Class AA	4.5%	6.4%	5.4%
PIMCO Total Return Fund	0.0%	15.0%	15.9%

Notes to Financial Statements
June 30, 2015
(dollars in thousands)
continued

Funding policy and annual pension cost

Pursuant to the terms of the Working and Wage Agreement, TriMet is required to fund the Bargaining Unit DB Plan in accordance with actuarial principles, amortizing past service liabilities over a period of 40 years or less. The funding policy of the Bargaining Unit DB Plan provides for an actuarially determined contribution (ADC) calculated using the individual entry age normal actuarial cost method. The ADC consists of normal cost and an amortization of the unfunded actuarial accrued liability. The normal cost is determined as the level percentage of pay basis over the service of active employees between entry age and assumed exit age. Past service liabilities are amortized over a closed fifteen year period. The components of the net pension liability of the Bargaining Unit DB Plan were as follows:

Net pension liability As of June 30	2015	2014	2013
Total pension liability	$ 625,233	$ 618,228	$ 574,616
Plan fiduciary net position	465,815	448,379	365,989
Net pension liability	$ 159,418	$ 169,849	$ 208,627
Plan fiduciary net position as a percent of total pension liability	74.5%	72.5%	63.7%
Annual covered payroll	$ 116,556	$ 124,696	$ 125,143
Unfunded AAL as a percentage of covered payroll	136.9%	136.3%	166.7%

Actuarial methods and assumptions

Significant actuarial assumptions used in the valuation include a long term rate of return on the investment of present and future assets of 7.0 percent, inflation of 2.75 percent and annual salary increases of 2.75 percent and benefit multiplier increases of 2.75 percent annually for participants who retired prior to August 1, 2012 and 2.475 percent annually for participants who retire after August 1, 2012. Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment for males and females, projected to 2010 using Scale AA. Significant changes to assumptions in the valuation dated June 30, 2015 include a reduction in the inflation assumption from 3.0 percent to 2.75 percent, a reduction in the assumption for future pay increases to 2.75 percent, pre- and post-retirement benefit increases were updated to reflect the change in the inflation assumption, and anticipated administrative expenses were increased to $300. Net pension liability has been measured and reported as of June 30, 2015.

The long-term expected rate of return on pension plan investments of 7.0 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimated real rates of return by asset class were as follows at June 30, 2015:

Long-Term Expected Real Rate of Return

Asset Class	
Fixed income	2.1%
U.S. large-mid cap equities	5.5%
U.S. small cap equities	6.4%
International equity	6.3%
Tactical asset allocation	4.2%
Absolute return	2.6%
Private real estate	4.2%
Private equity	9.3%
Private credit	4.5%

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made consistent with the current funding plan. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Changes in net pension liability

The following table presents the changes in the net pension liability for the years ended June 30, 2015, 2014, and 2013:

Bargaining Unit DB Plan

	2015	2014	2013
Total pension liability			
Service cost	$ 11,756	$ 11,406	$ 11,122
Interest cost	43,025	42,870	41,827
Effect of plan changes	-	-	-
Changes of assumptions	(16,558)	29,476	15,354
Effect of economic/demographic gains	(541)	(11,294)	(8,583)
Benefit payments	(30,677)	(28,846)	(27,373)
Net change in total pension liability	7,005	43,612	32,347
Total pension liability, beginning	618,228	574,616	542,269
Total pension liability, ending	625,233	618,228	574,616
Plan fiduciary net position			
Contributions	(36,200)	(47,261)	(70,380)
Net investment income	(12,276)	(64,461)	(42,349)
Benefit payments	30,677	28,845	27,373
Administrative expense	363	487	223
Net change in plan fiduciary net position	(17,436)	(82,390)	(85,133)
Plan fiduciary net position, beginning	(448,379)	(365,989)	(280,856)
Plan fiduciary net position, ending	(465,815)	(448,379)	(365,989)
Net pension liability, ending	$ 159,418	$ 169,849	$ 208,627
Plan fiduciary net position as a percent of total pension liability	75%	73%	64%
Covered payroll	$ 116,556	$ 124,696	$ 125,143
Net pension liability as a percent of covered payroll	137%	136%	167%

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the sensitivity of the net pension liability calculation to a one percent increase or decrease in the discount rate used to measure the total pension liability:

Discount rate	Net pension liability
1% decrease (6.0%)	$ 232,492
Current discount rate (7.0%)	159,418
1% increase (8.0%)	97,603

Deferred Inflows and Outflows of Resources

The following table presents the components of Deferred inflows and outflows of resources for the Bargaining Unit DB Plan at June 30, 2015, 2014 and 2013:

Deferred outflows	2015	2014	2013
Differences between projected and actual earnings on pension investments	$ 19,740	$ 8,649	$ 12,973
Changes in assumptions	27,115	34,713	12,837
Differences between expected and actual experience in the measurement of total pension liability	2,761	4,016	5,271
Total deferred outflows	$ 49,616	$ 47,378	$ 31,081
Deferred inflows			
Differences between projected and actual earnings on pension investments	$ (29,465)	$ (40,548)	$ (15,135)
Changes in assumptions	(13,492)	-	-
Differences between expected and actual experience in the measurement of total pension liability	(12,203)	(15,116)	(7,176)
Total deferred inflows	$ (55,160)	$ (55,664)	$ (22,311)

The following table presents the future amortization of Deferred inflows and outflows of resources for the Bargaining Unit DB Plan:

	Deferred outflows	Deferred inflows
2016	$ 17,032	$ (17,604)
2017	12,708	(17,604)
2018	11,704	(13,820)
2019	8,172	(4,865)
2020	-	(1,267)
Thereafter	-	-
	$ 49,616	$ (55,160)

Notes to Financial Statements

June 30, 2015
(dollars in thousands)
continued

14. Subsequent Events

2015 Revenue Bonds, Series A and B

In September 2015, TriMet intends to issue $80,000 in Senior Lien Payroll Tax Revenue Bonds, Series 2015A to fund capital projects. TriMet also intends to issue Senior Lien Payroll Tax Revenue Bonds, Series 2015B to refinance certain series of revenue bonds currently outstanding. The 2015 Revenue Bonds are not general obligations of the District. The 2015 Revenue Bonds will mature serially each September 1, beginning September 1, 2016. Interest will be payable semiannually on March 1 and September 1.

Revenue Bond Ratings

In August 2015, Moody's upgraded the rating of TriMet's Senior Lien Payroll Tax Revenue Bonds (Series 2005, 2007, 2009 and 2012) to Aaa, and issued a rating of Aaa to the Series 2015 Senior Lien Payroll Tax Revenue Bonds. Standard & Poors issued a rating of AAA to the Series 2015 Senior Lien Payroll Tax Revenue Bonds.

TRIMET

Required Supplementary Information

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Schedule of Funding Progress

(dollars in thousands)

Other postemployment benefits

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Covered payroll	UAAL as a percentage of covered payroll
January 1, 2015	$ 401	$711,180	$710,779	$154,966	459%
January 1, 2014	401	949,993	949,592	145,469	653%
January 1, 2013	401	852,756	852,355	151,180	564%
January 1, 2012	-	900,541	900,541	151,448	595%
January 1, 2010	-	816,544	816,544	137,869	592%
January 1, 2008	-	632,204	632,204	130,726	484%

Schedule of Changes in Net Pension Liability and Related Ratios

(dollars in thousands)

Management DB Plan

	2015	2014	2013	2012
Total pension liability				
Service cost	$ 505	$ 793	$ 906	$ 1,095
Interest cost	7,931	8,454	7,903	7,370
Benefit payments	(4,458)	(3,892)	(3,519)	(3,134)
Changes of benefit terms	-	-	1,711	-
Change in assumptions	(2,178)	(531)	1,015	264
Experience (gain) loss	3,592	(3,002)	152	2,405
Net change in total pension liability	5,392	1,822	8,168	8,000
Total pension liability, beginning	123,740	121,918	113,750	105,750
Total pension liability, ending	129,132	123,740	121,918	113,750
Plan fiduciary net position				
Contributions	(6,559)	(5,602)	(9,776)	(3,008)
Expected investment income	(7,022)	(6,354)	(5,372)	(5,188)
Difference between actual and expected income	5,142	(7,720)	(4,728)	5,429
Benefit payments	4,458	3,892	3,519	3,134
Net change in plan fiduciary net position	(3,981)	(15,784)	(16,357)	367
Plan fiduciary net position, beginning	(107,119)	(91,335)	(74,978)	(75,345)
Plan fiduciary net position, ending	(111,100)	(107,119)	(91,335)	(74,978)
Net pension liability, ending	$ 18,032	$ 16,621	$ 30,583	$ 38,772
Plan fiduciary net position as a percent of total pension liability	86%	87%	75%	66%
Covered payroll	$ 12,751	$ 13,142	$ 14,200	$ 14,869
Net pension liability as a percent of covered payroll	141%	126%	215%	261%

Schedule of Changes in Net Pension Liability and Related Ratios

(dollars in thousands)

Bargaining Unit DB Plan

	2015	2014	2013	2012
Total pension liability				
Service cost	$ 11,756	$ 11,406	$ 11,122	$ 11,031
Interest cost	43,025	42,870	41,827	40,065
Effect of plan changes	-	-	-	(10,616)
Changes of assumptions	(16,558)	29,476	15,354	-
Effect of economic/demographic (gains) losses	(541)	(11,294)	(8,583)	7,781
Benefit payments	(30,677)	(28,846)	(27,373)	(23,864)
Net change in total pension liability	7,005	43,612	32,347	24,397
Total pension liability, beginning	618,228	574,616	542,269	517,872
Total pension liability, ending	625,233	618,228	574,616	542,269
Plan fiduciary net position				
Contributions	(36,200)	(47,261)	(70,380)	(18,824)
Net investment income	(12,276)	(64,461)	(42,349)	(792)
Benefit payments	30,677	28,846	27,373	23,864
Administrative expense	363	486	223	289
Net change in plan fiduciary net position	(17,436)	(82,390)	(85,133)	4,537
Plan fiduciary net position, beginning	(448,379)	(365,989)	(280,856)	(285,393)
Plan fiduciary net position, ending	(465,815)	(448,379)	(365,989)	(280,856)
Net pension liability, ending	$ 159,418	$ 169,849	$ 208,627	$ 261,413
Plan fiduciary net position as a percent of total pension liability	75%	73%	64%	52%
Covered payroll	$ 116,556	$ 124,696	$ 125,143	$ 125,142
Net pension liability as a percent of covered payroll	137%	136%	167%	209%

Schedules of Pension Contributions

(dollars in thousands)

Management DB Plan

Actuarial valuation date	Actuarially determined contribution	Contributions	Contribution excess (deficiency)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2015	$ 4,219	$ 6,559	$ 2,340	$ 12,751	51%
June 30, 2014	4,957	5,602	645	13,142	43%
June 30, 2013	6,491	9,776	3,285	14,200	69%
June 30, 2012	6,216	3,008	(3,208)	14,869	20%

Bargaining Unit DB Plan

Actuarial valuation date	Actuarially determined contribution	Contributions	Contribution excess	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2015	$ 31,926	$ 37,793	$ 5,867	$ 116,556	32%
June 30, 2014	35,553	48,689	13,136	124,696	39%
June 30, 2013	34,638	36,766	2,128	125,143	29%
June 30, 2012	32,224	35,853	3,629	125,142	29%

Schedules of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense

	2015	2014	2013	2012
Management DB Plan	1.87%	15.62%	13.10%	-0.02%
Bargaining Unit DB Plan	2.73%	17.28%	14.06%	0.27%

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Supplementary Information

Reconciliation of Revenues and Expenses (Budget Basis) to Schedule of Revenues and Expenses (GAAP Basis)

For The Year Ended June 30, 2015
(dollars in thousands)

Budget basis	
Revenues	$ 726,026
Expenses	697,127
Revenues over expenses	28,899
Add budget activity not qualifying as revenues/ expenses under GAAP:	
Principal payments on long-term debt	18,539
Capital asset additions	249,339
Add (subtract) adjustments required by GAAP:	
Unfunded pension costs	20,704
Depreciation	(91,555)
Net leveraged lease expense	(206)
Claims liability changes	(278)
Unfunded OPEB Costs	(44,143)
Subtract budget resources not qualifying as revenues under GAAP:	
Loss on asset deletion	(800)
Federal, state and local government contributions	(226,380)
GAAP basis loss before contributions presented in statement of revenues, expenses and changes in net position	$ (45,881)

Reconciliation of fund balance (Budget Basis) to Net position (GAAP Basis)

June 30, 2015
(dollars in thousands)

Budget basis ending fund balance	$ 239,313
Reconciliation to GAAP basis:	
Net capital assets	3,011,510
Capital related debt	(664,922)
Other postemployment benefits	(475,009)
Net pension liability	(177,449)
Unamortized gain on pension investments	(62,186)
Unamortized loss on pension investments	55,545
Claims liability	(2,192)
Prepaid lease expense	80,141
Long term restricted lease deposit	35,376
Long term deferred lease revenue	(5,051)
Unamortized gain on leases	(18,370)
Long term lease liability	(65,727)
GAAP basis net position	$ 1,950,979

Schedule of Revenues and Expenses
Budget (Budget Basis) and Actual

For The Year Ended June 30, 2015
(dollars in thousands)

GENERAL FUND

	Original budget	Final budget	Actual	Variance from final budget over (under)
Revenues				
Operating revenue	$ 159,500	$ 159,500	$ 144,071	$ (15,429)
Tax revenue	289,225	289,225	291,294	2,069
Operating grant and other revenue	82,401	82,401	59,005	(23,396)
Capital program resources	12,434	12,434	5,723	(6,711)
Light rail program resources	250,908	250,908	220,657	(30,251)
Other non-operating resources	4,370	6,370	5,276	(1,094)
Total revenues	798,838	800,838	726,026	(74,812)
Expenses				
Operating program:				
Office of the general manager	1,607	1,607	1,470	(137)
Public affairs	13,675	13,675	12,846	(829)
Safety and security	15,427	15,427	14,211	(1,216)
Information technology	9,069	9,069	8,237	(832)
Finance and administration	15,612	15,612	14,670	(942)
Labor relations and human resources	3,234	3,234	3,200	(34)
Legal services	2,077	2,077	1,808	(269)
Operations	341,626	341,626	310,641	(30,985)
Capital projects	9,063	9,063	6,357	(2,706)
OPEB and UAAL pension	47,225	48,725	47,829	(896)
Debt service	35,729	35,729	21,243	(14,486)
Pass-through requirements	4,370	6,370	5,276	(1,094)
Contingency	14,830	11,330	-	(11,330)
Total operating program	513,544	513,544	447,788	(65,756)
Capital programs				
Public affairs	1,053	1,053	216	(837)
Safety and security	4,131	4,131	1,919	(2,212)
Information technology	15,829	15,829	3,803	(12,026)
Finance and administration	12,366	12,366	6,100	(6,266)
Legal Services	1,500	1,500	-	(1,500)
Operations	67,065	67,065	48,228	(18,837)
Capital projects and facilities	9,559	9,559	7,442	(2,117)
Total capital programs	111,503	111,503	67,708	(43,795)
Light rail programs				
Portland to Milwaukie light rail	386,417	386,417	181,631	(204,786)
Total light rail programs	386,417	386,417	181,631	(204,786)
Total expenses	1,011,464	1,011,464	697,127	(314,337)
Revenues under expenses	(212,626)	(210,626)	28,899	239,525
Beginning fund balance	379,800	379,800	210,414	(169,386)
Ending fund balance	$ 167,174	$ 169,174	$ 239,313	$ 70,139

Schedule of Property Tax Levies and Collections
Last Five Fiscal Years

For The Year Ended June 30, 2015
(dollars in thousands)

Fiscal year ended June 30	Tax levy for the fiscal year	Collected within the fiscal year of levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2012	$ 7,494	$ 6,724	90%	$ 190	$ 6,914	92%
2011	10,908	10,259	94%	295	10,554	97%
2010	10,422	9,765	94%	352	10,117	97%
2009	9,344	8,722	93%	386	9,108	97%
2008	9,514	8,969	94%	308	9,277	98%

Schedule of Property Tax Transactions and Outstanding Balances

For The Year Ended June 30, 2015
(dollars in thousands)

Tax year	Beginning balance	Levy extended by assessor	Discounts	Interest	Adjustments	Collections	Ending balance
2011-12	$ 68	$ -	$ -	$ 4	$ 3	$ (32)	$ 43
2010-11	50	-	-	-	9	(25)	34
2009-10	42	-	-	-	(4)	(4)	34
2008-09	5	-	-	-	-	(2)	3
2007-08	1	-	-	-	-	-	1
2006-07	1	-	-	-	-	-	1
2005-06	1	-	-	-	-	-	1
2004-05	1	-	-	-	-	-	1
2003-04	1	-	-	-	-	-	1
2002-03	1	-	-	-	-	-	1
2001-02	1	-	-	-	-	(1)	-
2000-01 & prior	-	-	-	-	-	-	-
	$ 172	$ -	$ -	$ 4	$ 8	$ (64)	$ 120

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APPENDIX C

FORM OF BOND COUNSEL LEGAL OPINION

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

September 30, 2015

Tri-County Metropolitan Transportation District of Oregon
1800 S.W. First Avenue, Suite 300
Portland, Oregon 97201

Subject: Tri-County Metropolitan Transportation District of Oregon
$71,885,000 Senior Lien Payroll Tax Revenue Bonds, Series 2015A
$62,705,000 Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B

We have acted as Bond Counsel in connection with the issuance by Tri-County Metropolitan Transportation District of Oregon ("TriMet") of its Senior Lien Payroll Tax Revenue Bonds, Series 2015A in the aggregate principal amount of $71,885,000 (the "Series 2015A Bonds") and its Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B in the aggregate principal amount of $62,705,000 (the "Series 2015B Bonds," and together with the Series 2015A Bonds, the "Series 2015 Bonds"). The Series 2015 Bonds are issued pursuant to Oregon Revised Statutes ("ORS") 287A.150, 287A.360 to 287A.380, and other applicable provisions of ORS Chapter 287A, ORS Chapter 267 and related provisions, TriMet Resolution No. 15-06-37 adopted on June 24, 2015 (the "Resolution"), and pursuant to a Trust Indenture between TriMet and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of April 1, 2001, as amended and supplemented, including amendments and supplements made by a Sixth Supplemental Trust Indenture dated as of September 30, 2015 (collectively, the "Indenture"). Capitalized terms used but not defined in this opinion have the respective meanings assigned to such terms in the Indenture.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials which have been or may be supplied to the purchasers of the Series 2015 Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

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

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

1. TriMet has the legal authority and power to issue the Series 2015 Bonds. The Series 2015 Bonds have been legally and validly authorized, sold, executed and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Resolution, and the Indenture and have been issued for a purpose provided in and authorized by the Act. The Series 2015 Bonds constitute valid and legally binding special obligations of TriMet that are enforceable in accordance with their terms.

2. The Series 2015 Bonds are payable and secured by a pledge of and lien on the Trust Estate, which includes the Specified Tax Revenues, as provided in the Indenture.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2015 Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2015 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Interest on the Series 2015A Bonds,

however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Bond Counsel expresses no opinion as to whether interest on the Series 2015B Bonds (or any portion thereof) is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Some of the Series 2015B Bonds bear interest that is susceptible of inclusion in adjusted current earnings of corporations for alternative minimum tax purposes while interest on the remaining such bonds is not so includable. These two types of bonds are not being separately identified by TriMet. Failing such identification, all corporate holders of the Series 2015B Bonds should treat the interest they receive as includable in adjusted current earnings of corporations for purposes of calculating the alternative minimum taxable income of such corporations. Prospective purchasers of the Series 2015B Bonds should consult their own tax advisors regarding this issue. Bond counsel further is of the opinion that, for any Series 2015 Bonds having original issue discount (a “Discount Bond”), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2015 Bonds. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by TriMet and others in connection with the Series 2015 Bonds, and we have assumed compliance by TriMet with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015 Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2015 Bonds in order that, for Federal income tax purposes, interest on the Series 2015 Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Series 2015 Bonds, restrictions on the investment of proceeds of the Series 2015 Bonds prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2015 Bonds to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Series 2015 Bonds, TriMet will execute a Tax Certificate (the “Tax Certificate”) containing provisions and procedures pursuant to which such requirements can be satisfied. By executing the Tax Certificate, TriMet covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Series 2015 Bonds will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Series 2015 Bonds, and (ii) compliance by TriMet with the procedures and covenants set forth in the Tax Certificate.

4. Interest on the Series 2015 Bonds is exempt from Oregon personal income tax.

Except as stated in paragraphs 3 and 4 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Series 2015 Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Series 2015 Bonds.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Series 2015 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; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as TriMet.

This opinion is given as of the date hereof and is based on existing law, and we assume no obligation to update, revise, or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

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

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

We have served as bond counsel only to TriMet in connection with the Series 2015 Bonds and have not represented and are not representing any other party in connection with the Series 2015 Bonds. This opinion is given solely for the benefit of TriMet in connection with the Series 2015 Bonds and may not be relied on in any manner or for any purpose by any person or entity other than TriMet, the owners of the Series 2015 Bonds, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE CERTIFICATE

Tri-County Metropolitan Transportation District of Oregon
$71,885,000 Senior Lien Payroll Tax Revenue Bonds, Series 2015A
$62,705,000 Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the Tri-County Metropolitan Transportation District of Oregon ("TriMet") in connection with the issuance of its Senior Lien Payroll Tax Revenue Bonds, Series 2015A and its Senior Lien Payroll Tax Revenue Refunding Bonds, Series 2015B (collectively, the "Series 2015 Bonds").

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by TriMet for the benefit of the owners of the Series 2015 Bonds and to assist the underwriters of the Series 2015 Bonds in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule"). This Certificate constitutes TriMet's written undertaking for the benefit of the owners of the Series 2015 Bonds 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 Series 2015 Bonds, including persons holding Series 2015 Bonds through nominees or depositories.

"Commission" means the United States Securities and Exchange Commission.

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

"Official Statement" means the final official statement for the Series 2015 Bonds dated September 9, 2015.

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

Section 3. Financial Information. TriMet agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data:

A. TriMet's latest publicly available audited financial statements, including the financial statements of TriMet for the most recently completed fiscal year prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement in "Appendix B: Audited Financial Statements for Fiscal Years Ended June 30, 2015 and 2014"; and

B. To the extent not provided in the audited financial statements, historical financial information and operating data of the type set forth in the following sections of the Official Statement:

- Information regarding the maximum legislatively-established base rate and the authorized TriMet rates of the type provided under the subheadings "Revenue

Sources – Payroll Taxes and Self-Employment Taxes" and "Revenue Sources – State In-Lieu Payments" in "THE SPECIFIED TAX REVENUES";

- Table 1 (Historical Payroll, Self-Employment and State In-Lieu Tax Revenues);
- Table 2 (Historical Specified Tax Revenues, Senior Lien Debt Service and Debt Service Coverage);
- Table A-4 (Summary of TriMet Statements of Net Position For Fiscal Years Ended June 30); and,
- Table A-5 (Summary of TriMet Statement of Revenues, Expenses and Changes in Net Assets for Fiscal Years Ended June 30).

Section 4. Timing. The information described in Section 3 above shall be provided on or before nine months after the end of TriMet's fiscal year. TriMet's current fiscal year ends June 30. TriMet may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, TriMet may cross-reference to other documents provided to the MSRB.

Section 5. Material Events. TriMet agrees to provide or cause to be provided to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2015 Bonds:

(a) Principal and interest payment delinquencies;

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

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

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

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

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

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

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

(i) Defeasances;

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

(k) Rating changes;

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

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

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

TriMet may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of TriMet, such other event is material with respect to the Series 2015 Bonds, but TriMet does not undertake any commitment to provide such notice of any event except those events listed above.

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

Section 7. Termination. TriMet's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2015 Bonds. This Certificate, or any provision hereof, shall be null and void if TriMet (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision hereof, are invalid, have been repealed retroactively or otherwise do not apply to the Series 2015 Bonds; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, TriMet may amend this Certificate provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3.A or 3.B or Section 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of TriMet with respect to the Series 2015 Bonds, or the type of business conducted;

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the Series 2015 Bondowners pursuant to the governing instrument at the time of amendment or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Series 2015 Bondowners.

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

Section 9. Series 2015 Bondowner's Remedies Under This Certificate. The right of any Series 2015 Bondowner to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of TriMet's obligations hereunder, and any failure by TriMet to comply with the provisions of this undertaking shall not be an event of default with respect to the Series 2015 Bonds. Series 2015 Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause TriMet to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Series 2015 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 TriMet to comply with this Certificate shall be an action to compel performance.

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

Section 11. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

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

Section 13. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 30th day of September, 2015.

Tri-County Metropolitan Transportation District of Oregon

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General Manager

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APPENDIX E

INFORMATION ABOUT DTC AND ITS BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2015 Bonds. The 2015 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each series of the 2015 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

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

Purchases of 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents relating to the 2015 Bonds. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Certificate Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Bonds within a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to TriMet 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 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments represented by the 2015 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 TriMet or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or TriMet, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of TriMet or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Bonds at any time by giving reasonable notice to TriMet or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

To the extent permitted by law, TriMet may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that TriMet believes to be reliable, but TriMet takes no responsibility for the accuracy thereof. Neither TriMet nor the Fiscal Agent will have any responsibility or obligation to Participants or the persons for whom they act as nominees or Beneficial Owners with respect to DTC's record keeping, payments by DTC or Participants, notices to be delivered by DTC, or any other action taken by DTC as Registered Owner of the 2015 Bonds.

So long as Cede & Co. is the registered owner of the 2015 Bonds, as nominee for DTC, references herein to the holders or registered owners of the 2015 Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2015 Bonds. When reference is made to any action, which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given TriMet or the Fiscal Agent shall send them to DTC only.

For every transfer and exchange of the 2015 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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APPENDIX F

SUMMARY OF THE INDENTURE

APPENDIX F

SUMMARY OF INDENTURE

This Appendix F summarizes selected provisions of the Trust Indenture dated as of April 1, 2001 as amended and supplemented, including amendments made by the Sixth Supplemental Trust Indenture dated as of September 30, 2015 (the "Indenture"). The Indenture is between TriMet (the "Issuer") and The Bank of New York Mellon Trust Company, N.A. as trustee (the "Trustee"). This summary omits references to obligations issued under a 1992 Indenture of Trust because those obligations are no longer outstanding. This summary also omits administrative provisions that do not apply to the Series 2015 Bonds, or that are stated in the forepart of this Official Statement. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the complete text of the Indenture. Prospective purchasers of the Series 2015 Bonds may obtain the complete text of the Indenture from the Trustee upon written request.

DEFINITIONS.

The Indenture uses the following defined terms:

"ADDITIONAL BONDS" means any Senior Lien Bonds issued after the first Series of Senior Lien Bonds. The first Series of Senior Lien Bonds were issued in 2001.

"ANNUAL DEBT SERVICE" means the amount required to be paid in the then current or any succeeding Fiscal Year in respect of the principal of or interest on any Outstanding Senior Lien Bonds and under any existing Derivative Product; *provided that:*

(i) there shall be credited against such sum any interest capitalized or otherwise payable from proceeds derived from the sale of such Senior Lien Bonds;

(ii) the amount required to be paid in any Fiscal Year under any Derivative Product shall be calculated by offsetting the aggregate amount of all Net Anticipated Reciprocal Payments for such Fiscal Year against the aggregate amount of all Net Anticipated Issuer Payments for such Fiscal Year;

(iii) the amount of Term Obligations subject to mandatory redemption in any Fiscal Year pursuant to a Mandatory Redemption Schedule shall be deemed to mature in the Fiscal Year in which such Term Obligations are subject to such mandatory redemption and only the principal amount of such Term Obligations scheduled to remain Outstanding on the final maturity date thereof shall be included in determining the Annual Debt Service for Senior Lien Bonds in the Fiscal Year in which such maturity date occurs;

(iv) the procedure for determining Annual Debt Service for the Outstanding Senior Lien Bonds which constitute Option Obligations shall be as follows:

(A) except as provided in paragraph (A) and (B), any Option Obligations Outstanding at the time of such determination shall be assumed to mature on their stated dates of maturity; *provided that* if such Option Obligations are subject, without contingency, to scheduled mandatory redemption on specific determinable dates and in specific amounts, then such Option Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption;

(B) during any Fiscal Year in which such Senior Lien Bonds may be tendered at the option of the Owners thereof, if a Credit Facility is in effect which will purchase all of such Senior Lien Bonds which are tendered but not remarketed, it shall be assumed that the aggregate principal amount of all such Senior Lien Bonds which may, during such Fiscal Year, be tendered by the Owners thereof, together with interest thereon at the maximum rate at which such Senior Lien Bonds may be remarketed, shall be amortized in equal installments over a term equal to twenty-five (25) years;

(C) during any Fiscal Year in which such Senior Lien Bonds may be tendered at the option of the Owners thereof, if a Credit Facility is not in effect which will purchase all of such Senior Lien Bonds which are tendered but not remarketed, is shall be assumed that every Senior Lien Bond that may be so tendered matures in such Fiscal Year.

(v) for purposes of computing Annual Debt Service for the Outstanding Senior Lien Bonds which constitute Variable Rate Obligations, such Variable Rate Obligations shall be deemed to bear interest at all times to maturity thereof at the maximum interest rate allowed under the Indenture, *provided that*, in any Fiscal Year in which the Specified Tax Revenues collected by, or on behalf of the Issuer (in the case of current or prior Fiscal Years), or in which the Issuer's Fiscal Year budget projects the receipt of Specified Tax Revenues that will be at least equal to ten (10) times the amount of the annual debt service for the prior Fiscal Year (calculated by using the Estimated Average Interest Rates applicable to Variable Rate Obligations and variable rate Issuer payments), such Variable Rate Obligations shall be deemed to bear interest at all times to maturity thereof at the Estimated Average Interest Rate applicable thereto and if such Variable Rate Obligations are subject, without contingency, to scheduled mandatory redemption on specific or determinable dates and in specific amounts, then such Variable Rate Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption;

(vi) for purposes of computing Annual Debt Service on Outstanding Senior Lien Bonds which constitute Capital Appreciation Obligations, only that portion of the Accreted Value becoming due at maturity or by virtue of a scheduled mandatory redemption prior to maturity with respect to such Senior Lien Bonds shall be included in the calculations of accrued and unpaid interest and principal requirements; and

(vii) for purposes of computing Annual Debt Service on any Senior Lien Bonds which constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the lesser of:

(1) twenty-five (25) years; or

(2) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the Project (if any) financed out of the proceeds of such Balloon Indebtedness.

"BALLOON INDEBTEDNESS" means any Series of Senior Lien Bonds more than twenty-five percent (25%) of the principal of which, in accordance with the terms of such Senior Lien Bonds, is due and payable in any one Fiscal Year either by reason of the stated maturity date of such Senior Lien Bonds or pursuant to a Mandatory Redemption Schedule; *provided that* with respect to any Senior Lien Bonds issued as Term Obligations, such Senior Lien Bonds shall only be treated as Balloon Indebtedness if more than twenty-five percent (25%) of the principal thereof is due in any one Fiscal Year pursuant to the applicable Mandatory Redemption Schedule or upon the stated maturity date thereof (assuming that the only principal due on the stated maturity date thereof will be the principal remaining outstanding after all redemptions have been made pursuant to the applicable Mandatory Redemption Schedule).

"CODE" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated or applicable thereunder, and any successor statute (but only to the extent that such successor statute is applicable to particular Senior Lien Bonds).

"COMPLETION BONDS" means Senior Lien Bonds that are issued to finance the completion of a Project.

"CREDIT AGREEMENT" means: (1) an agreement with a Credit Provider pursuant to which a Credit Facility is issued or given as security for a particular Series of Senior Lien Bonds; or (2) an agreement with an insurer or other guarantor pursuant to which a Derivative Facility is given as security for the Issuer's obligations under a Derivative Product.

"CREDIT FACILITY" means a letter of credit, a municipal bond insurance policy, a surety bond, standby bond purchase agreement or other credit enhancement device given, issued or posted as security for one or more Series of Senior Lien Bonds, including any Alternate Credit Facility.

"CREDIT PROVIDER" means the person or entity, if any, providing a Credit Facility as security for a Series of Senior Lien Bonds.

"DEBT SERVICE ACCOUNT" means the account held by the Trustee under the Indenture to pay Senior Lien Bonds. The full text of the Indenture uses the term "2001 Debt Service Account" to describe the Debt Service Account.

"DERIVATIVE FACILITY" means a letter of credit, an insurance policy, a surety bond or other credit enhancement device given, issued or posted as security for the Issuer's obligations under one or more Derivative Products.

"DERIVATIVE PAYMENT DATE" means, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of an Issuer Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

"DERIVATIVE PRINCIPAL" means, as of any date of calculation, the notional amount used for purposes of determining the amount of Issuer Payments and/or Reciprocal Payments under a Derivative Product. Unless otherwise provided in the Derivative Product, where a Derivative Principal is based upon the principal amount of one or more designated Series or maturities, the Derivative Principal shall be scheduled to take account of each scheduled mandatory redemption date within the designated Series or maturities and each optional redemption planned by the Issuer at the time of entering the related Derivative Product.

"DERIVATIVE PRODUCT" means a written contract or agreement between the Issuer and a third party which has at least an investment grade rating from a Rating Agency (the "Reciprocal Payor") which provides that the Issuer's obligations thereunder shall be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and:

(i) under which the Issuer is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the Issuer Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the Issuer, on scheduled and specified Derivative Payment Dates, the amounts set forth in the Derivative Product (the "Reciprocal Payments");

(ii) for which the Issuer's obligation to make Issuer Payments may be secured by a pledge of and lien on the Specified Tax Revenues on an equal and ratable basis with the Outstanding Senior Lien Bonds;

(iii) under which Reciprocal Payments are to be made directly to the Trustee for deposit into the Revenue Fund;

(iv) for which the Issuer Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product by multiplying a specified rate of interest or other multiplier (the "Issuer Rate"), which may be a fixed rate or a variable rate, by the Derivative Principal *provided that* the Derivative Product shall specify a maximum applicable rate for variable rate Issuer Rates; and

(v) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product by multiplying a specified rate of interest or other multiplier (the "Reciprocal Rate"), which may be a fixed rate or a variable rate, by the Derivative Principal or any other notional amount *provided that* the Derivative Product shall specify a minimum applicable rate for each Reciprocal Rate that is a variable rate.

"ESTIMATED AVERAGE DERIVATIVE RATE" means:

(i) as to the variable rate payments to be made by a party under any Derivative Product:

(a) to the extent such variable rate payments have been made for a period of 12 months or more, the higher (in the case of variable rate Issuer Payments), or the lower, (in the case of variable Rate Reciprocal Payments) of:

(1) the weighted average rate of interest applicable to such payments during the immediately preceding 12 month period; or

(2) the rate applicable under the related Derivative Product as of the date of determination; or

(b) to the extent such variable rate payments have not been made for a period of 12 months or more, the most current actual rate used in calculating such variable rate payments; and

(ii) as to any Derivative Products which have been authorized to be entered into by the Issuer but have not yet been executed or become effective, the variable rate shall be estimated by applying the variable rate formula specified in the contract to the most recently published rate for the floating rate index or other equivalent specified in the Derivative Product as the basis upon which the variable rate shall be determined,

provided that, where the variable rate to be used in a Derivative Product is specified as the rate, or rates applicable to one or more specified maturities of Senior Lien Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Senior Lien Bonds, and *provided further that*, if two or more Derivative Products each specify the same index or and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical Derivative Principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraph (i) and (ii) of this definition, and calculated, where applicable, with respect to the first of such Derivative Products to become effective.

"ESTIMATED AVERAGE INTEREST RATE" means:

(i) as to any Outstanding Senior Lien Bonds during any period in which such Senior Lien Bonds are Variable Rate Obligations:

(a) to the extent such Variable Rate Obligations have been Outstanding for a period of 12 months or more, the higher of:

(1) the weighted average rate of interest applicable to such Senior Lien Bonds during the immediately preceding 12 month period; or

(2) the rate of interest applicable to such Senior Lien Bonds as of the date of determination; or

(b) to the extent such Variable Rate Obligations have not been Outstanding for a period of 12 months or more, the most current actual interest rate on such Variable Rate Obligations; and,

(ii) as to any Senior Lien Bonds which have been authorized to be issued or incurred but have not yet been issued or incurred, 100% of the most recently published interest rate for municipal bonds with similar terms and credit ratings published in *The Bond Buyer*.

"EVENT OF DEFAULT" means:

(i) default occurs in the due and punctual payment of Senior Lien Bond principal, interest or premium, whether at maturity, on prior redemption or otherwise;

(ii) other defaults occur with respect to Senior Lien Bonds or Derivative Products that continue for a period of sixty days after written notice is given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Owners of at least fifty percent of the Outstanding Senior Lien Bond principal;

(iii) the Issuer files a petition or otherwise seeks relief under any federal or state bankruptcy law or similar law;

(iv) the appointment of a receiver for the Issuer or any substantial part of its properties or operations, if the appointment is made with the consent of the Issuer, or is made without the consent of the Issuer and is not vacated, discharged or stayed within ninety days;

(v) notice is given to the Trustee that an event of default has occurred under a Credit Agreement, or certain failures of the Issuer with respect to Credit Facilities;

(vi) the Issuer fails to make an Issuer Payment under a Derivative Product (other than a failure in connection with a good faith contest); and,

(vii) any other event that is expressly stated to constitute an Event of Default in a Supplemental Indenture.

"Fiduciary" means the Trustee, any Bond Registrar, any Paying Agent, any Depositary and any Remarketing Agent or Tender Agent for Senior Lien Bonds which constitute Variable Rate Obligations or Option Obligations, or any or all of them, as may be appropriate.

"Fiscal Year" means the fiscal year of the Issuer as prescribed by law, currently that period commencing on July 1 and continuing to and including the next succeeding June 30.

"Fitch" means Fitch Investors Service, Inc., its successors and assigns.

"Government Obligations" means, to the extent permitted by law for investment as contemplated in the Indenture, any general obligations of the United States of America or any obligations of any agency or instrumentality thereof which are backed by the full faith and credit of the United States of America.

"Indenture" means the Trust Indenture dated as of April 1, 2001 as it is currently amended and supplemented and as it may be amended or supplemented from time to time in accordance with its terms.

"Interest Payment Date" means the date on which interest on a Series of Senior Lien Bonds is payable.

"Issuer" means the Tri-County Metropolitan Transportation District of Oregon, a municipal corporation and a public body, corporate and politic, exercising public powers and duly created and existing under and pursuant to the laws of the State of Oregon, particularly Chapter 267 of Oregon Revised Statutes.

"Issuer Payment" means any payment required to be made by or on behalf of the Issuer under a Derivative Product.

"Local Budget Law" means ORS 294.305 to 294.565, as amended, and the administrative rules promulgated thereunder.

"Mandatory Redemption Schedule" means with respect to particular Senior Lien Bonds, the schedule pursuant to which the principal portions thereof (howsoever designated) are subject, without contingency, to mandatory redemption or prepayment prior to maturity, all as set forth in the Supplemental Indenture pursuant to which such Senior Lien Bonds are issued.

"Net Anticipated Issuer Payment" means, with respect to any Derivative Payment Date, the amount by which the Issuer Payment expected to be made under the related Derivative Product (calculated, where a variable rate is used to derive the Reciprocal Payment, as the maximum amount permissible on such date under the related Derivative Product), exceeds the Reciprocal Payment expected to be made on such Derivative Payment Date under the Derivative Product (calculated, where a variable rate is used to derive the Reciprocal Payment, as the minimum amount permissible on such date under the related Derivative Product), *provided that*, in Fiscal Years during which the Annual Debt Service on Senior Lien Bonds that are Variable Rate Obligations would, if such Senior Lien Bonds were Outstanding, be permitted to be calculated by use of the Estimated Average Interest Rate, the Net Anticipated Reciprocal Payment may be calculated by applying the Estimated Average Derivative Rate to the Issuer Payment(s) or Reciprocal Payment(s), as applicable.

"Net Anticipated Reciprocal Payment" means, with respect to any Derivative Product, the amount by which, within a particular period, the Reciprocal Payment(s) (calculated, where a variable rate is used to derive the Reciprocal Payment, as the minimum amounts permissible under the Derivative Product), is or are expected to exceed the Issuer Payment(s) (calculated, where a variable rate is used to derive the Issuer Payment, as the maximum amounts permissible under the related Derivative Products), *provided that*, in Fiscal Years during which the Annual Debt Service on Senior Lien Bonds that are Variable Rate Obligations would, if such Senior Lien Bonds were Outstanding, be permitted to be calculated by use of the Estimated Average Interest Rate, the Net Anticipated Reciprocal Payment may be calculated by applying the Estimated Average Derivative Rate to the Issuer Payment(s) or Reciprocal Payment(s), as applicable.

"NET ISSUER PAYMENT" means, with respect to a particular Derivative Product, the amount by which, within a particular period, the sum of the actual Issuer Payment(s) under a Derivative Product exceeds the sum of the actual Reciprocal Payment(s) under such Derivative Product.

"NET RECIPROCAL PAYMENT" means, with respect to a particular Derivative Product, the amount by which, within a particular period, the sum of the actual Reciprocal Payment(s) under a Derivative Product exceeds the sum of the actual Issuer Payment(s) under such Derivative Product.

"OPINION OF BOND COUNSEL" means an opinion of Bond Counsel:

(i) in the case of the issuance of any Additional Bonds, addressed to the Issuer and opining as to the due authorization and issuance of such Additional Bonds, the validity and enforceability thereof and, if such Additional Bonds are intended to be Tax-Exempt Obligations, the federal tax exempt status of the interest thereon; and

(ii) in other cases in which such an opinion is required as a condition precedent to any action under the Indenture, addressed to the Issuer and the Trustee and opining that the action proposed to be taken is authorized or permitted by the Indenture or the applicable provisions of any Supplemental Indenture and will not adversely affect the excludability for federal income tax purposes of the interest on any affected Senior Lien Bonds issued as, and which at the time of rendition of such opinion still are, Tax-Exempt Obligations from the gross incomes of the Owners thereof.

"OPTION OBLIGATIONS" means, with respect to a particular Series of Senior Lien Bonds, Senior Lien Bonds which by their terms may be tendered by and at the option of the Owner for purchase prior to the stated maturity thereof.

"ORIGINAL ISSUE DATE" means the date on which a Series of Senior Lien Bonds is issued.

"OUTSTANDING" when used with reference to a particular Series of Senior Lien Bonds, means, as of a particular date, all Senior Lien Bonds of such Series theretofore authenticated and delivered under the Indenture and, in the case of Additional Bonds, the Supplemental Indenture pursuant to which such Senior Lien Bonds are issued, except:

(i) Senior Lien Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Senior Lien Bonds (or portions of Senior Lien Bonds) for the payment or redemption of which moneys, or investments thereof, equal to or calculated to produce on the Redemption Date, the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Indenture or any Supplemental Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided that* if such Senior Lien Bonds (or portions of Senior Lien Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the Indenture or the applicable provisions of any Supplemental Indenture;

(iii) Senior Lien Bonds in lieu of or in substitution for which other Senior Lien Bonds shall have been authenticated and delivered pursuant to Article V or Section 1306 of the Indenture or the applicable provisions of any Supplemental Indenture unless proof satisfactory to the Trustee is presented that any such Senior Lien Bonds are held by a *bona fide* purchaser in due course; and

(iv) Senior Lien Bonds paid or deemed to have been paid as provided in Section 1401 of the Indenture.

In addition, Senior Lien Bonds of a Series held by or for the Issuer shall not be deemed to be Outstanding for most purposes under the Indenture.

"OWNER" means any person who shall be the registered owner of any Senior Lien Bond or Senior Lien Bonds as shown by the registration books maintained by the Bond Registrar for such Senior Lien Bonds. However, the insurer of a Series of Senior Lien Bonds may be entitled to be treated as the Owner of that Series for all purposes under the Indenture except payment.

"PARTICIPANT" means a broker-dealer, bank or other financial institution for which DTC holds Senior Lien Bonds as Securities Depository.

"PAYING AGENT" means, with respect to a particular Series of Senior Lien Bonds, any bank, trust company or national banking association, which may include the Trustee or its successor or successors, authorized by the Issuer pursuant to a Supplemental Indenture to pay the principal or Redemption Price of or interest due on such Series of Senior Lien Bonds and having the duties, responsibilities and rights provided for in the Indenture and such Supplemental Indenture and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to the Indenture or the applicable provisions of any Supplemental Indenture. The initial Paying Agent for the Series 2015 Bonds is the Trustee.

"PERMITTED INVESTMENTS" means those investments in which, under the applicable laws of the State of Oregon or the applicable provisions of any charter, resolution or ordinance heretofore or hereinafter adopted for or by the Issuer, the Issuer is permitted to invest its funds. The laws of the State of Oregon which, as of the date of enactment of the Indenture, set forth such investments are contained in ORS 294.035.

"PRINCIPAL PAYMENT DATE" means any date on which any Senior Lien Bonds are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption prior to maturity.

"PROJECT" means any buildings, structures, land, interests in land, improvements, furnishings, machinery or equipment and any tangible personal or real property of every kind and description deemed necessary or appropriate by the Issuer for use in its operations or in furtherance of its governmental purposes and functions.

"QUALIFIED CONSULTANT" means an independent engineer, an independent financial advisor, or similar independent professional consultant of nationally recognized standing and having experience and expertise in the area for which such person or firm is retained by the Issuer for purposes of the Indenture.

"RATING AGENCY" means the rating agency that rates a series of Senior Lien Bonds at the request of the Issuer.

"RECIPROCAL PAYMENT" means any payment to be made to, or for the benefit of, the Issuer under a Derivative Product by the Reciprocal Payor.

"RECIPROCAL PAYOR" means a party to a Derivative Product who is obligated to make one or more Reciprocal Payments thereunder.

"REDEMPTION PRICE" means, with respect to any Senior Lien Bond, the amount payable upon the redemption or prepayment thereof prior to maturity, including the principal of, premium (if any) and accrued or accreted interest thereon.

"REVENUE FUND" means the fund described in the Indenture into which the Issuer is obligated to deposit Specified Tax Revenues to pay the Senior Lien Bonds.

"SENIOR LIEN BOND" or **"SENIOR LIEN BONDS"** means obligations that are secured by a senior lien on the Trust Estate. Senior Lien Bonds must be issued under the Indenture and include the Series 2015 Bonds, Additional Bonds, Refunding Bonds and Completion Bonds. The complete text of the Indenture refers to Senior Lien Bonds as "Bonds."

"SETTLEMENT DATE" means the last Business Day of each week.

"SERIES" means all of the Senior Lien Bonds issued, authenticated and delivered pursuant to the Indenture or a Supplemental Indenture on the original issuance of a stipulated aggregate principal amount in a simultaneous transaction and any Senior Lien Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture or such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions.

"SPECIFIED TAX" means any tax imposed by the Issuer, the revenues from which have been duly pledged by the Issuer as security for the Senior Lien Bonds and included as part of the Specified Tax Revenues.

"SPECIFIED TAX REVENUES" means the tax revenues derived by the Issuer from:

(i) the taxes imposed by the Issuer pursuant to ORS 267.380 and 267.385, as amended, and the payments received by the Issuer from the State of Oregon in lieu of taxes on payrolls for activities within the Issuer's boundaries pursuant to ORS 291.405 to 291.406, as amended;

(ii) any Substitute Tax imposed by the Issuer in complete or partial substitution of the taxes described in subparagraph (i) of this definition in accordance with and subject to the limitations of the Indenture and which are duly pledged by the Issuer as security for the Senior Lien Bonds, Derivative Products and any Credit Facility or Derivative Facility secured by a lien on the Specified Tax Revenues; and

(iii) any other revenues received by the Issuer from the State of Oregon or any political subdivision or municipal or quasi-municipal corporation thereof in lieu of the taxes described in this definition and which are duly pledged by the Issuer as security for the Senior Lien Bonds, Derivative Products and any Credit Facility or Derivative Facility secured by a lien on the Specified Tax Revenues, *provided that*, each Rating Agency which has a current rating on any Outstanding Senior Lien Bond has been notified of the Issuer's intent to pledge such revenues as security for the Senior Lien Bonds and has determined that the use of such revenues as part of the Specified Tax Revenues would not cause a withdrawal or lowering of the ratings of the Senior Lien Bonds.

"SUBSTITUTE TAX" means any other tax, fee or other charge imposed or to be imposed by the Issuer but only if:

(i) prior to the use of such revenues as a Substitute Tax the Issuer obtains a report from a Qualified Consultant which report projects the amount of such revenues to be collected in the Fiscal Year in which such revenues are to be pledged as security for the Senior Lien Bonds and in the four (4) succeeding Fiscal Years, and which outlines the basis for the Qualified Consultant's projections;

(ii) each Rating Agency which has a current rating on any Outstanding Senior Lien Bond has been notified of the Issuer's intent to pledge such revenues as security for the Senior Lien Bonds, has received a copy of the report of the Qualified Consultant with respect to such revenues, and has determined that the use of such revenues in lieu of all or part of the Specified Tax Revenues would not prevent such Rating Agency from issuing a new rating for the Senior Lien Bonds that is at least as high as the rating then in effect from such Rating Agency nor cause such Rating Agency to lower its ratings of the Senior Lien Bonds;

(iii) the Issuer has made arrangements for the revenues from such tax, fee or other charge to be paid directly to the Trustee in accordance with the provisions of the Indenture; and

(iv) the Issuer has duly pledged the revenues from such tax, fee or other charge as security for the Senior Lien Bonds, Derivative Products and any Credit Facility or Derivative Facility entitled to a lien on the Specified Tax Revenues.

"SUPPLEMENTAL INDENTURE" means any Indenture supplemental to or amendatory of the Indenture, entered into by the Issuer in accordance with the Indenture.

"STATE" means the State of Oregon.

"TRUSTEE" means The Bank of New York Mellon Trust Company, N.A., as successor in interest to BNY Western Trust Company, and its successors and any other corporation which may at any time be substituted in its place as Trustee under the Indenture.

"TRUST ESTATE" means the properties and assets pledged in the Indenture as security for the payment of the Senior Lien Bonds (see "PLEDGE OF TRUST ESTATE" below).

PLEDGE OF TRUST ESTATE.

In the Indenture, the Issuer pledges to the Trustee, in trust for the benefit of the Owners of the Senior Lien Bonds, and for the benefit of the provider of any Credit Facility issued with respect to the Senior Lien Bonds, all of the Issuer's right, title and interest to, in and under the following:

(i) the Specified Tax Revenues;

(ii) the moneys and investments (including investment earnings thereon) on deposit from time to time in the Debt Service Account;

(iii) any Credit Facility given as security for the payment of any amounts owing under or with respect to any Senior Lien Bonds together with all moneys drawn or paid thereunder; *provided that* with respect to any such Credit Facility which is given as security for some, but not all, of the Outstanding Senior Lien Bonds, such Credit Facility together with the moneys drawn or paid thereunder shall be held by the Trustee solely as security for the Senior Lien Bonds for which such Credit Facility was given as security and neither such Credit Facility nor any moneys drawn or paid thereunder shall secure the payment of any amounts owing under or with respect to any other Senior Lien Bonds or any other Credit Facility; and

(iv) such other properties and assets and interests in properties and assets as may hereafter be pledged to the payment of the Senior Lien Bonds pursuant to any Supplemental Indenture or which may be delivered, pledged, mortgaged or assigned by any person to the Trustee as security for the Senior Lien Bonds.

The foregoing are referred to collectively as the "Trust Estate."

The Issuer covenants and agrees, with and for the benefit of the Owners from time to time of all Senior Lien Bonds that is shall not issue any additional obligations which have a lien on the Trust Estate which is superior to the lien of the Senior Lien Bonds.

PARI PASSU SERIES OF SENIOR LIEN BONDS; CREDIT AGREEMENT OBLIGATIONS; DERIVATIVE PRODUCTS.

The Indenture provides that all Senior Lien Bonds shall be payable from the Specified Tax Revenues *pari passu* with all other Senior Lien Bonds and Derivative Products. Except as otherwise provided in a Supplemental Indenture, Senior Lien Bonds and amounts owed by the Issuer under any Credit Facility (but not Derivative Products) shall be secured by an equal lien on and pledge of the Trust Estate.

The Issuer may provide that the pecuniary obligations arising under a Credit Agreement pursuant to which a Credit Facility for the Senior Lien Bonds shall be equally and ratably secured by the Trust Estate with all Outstanding Senior Lien Bonds and shall be payable from the Specified Tax Revenues *pari passu* with all Outstanding Senior Lien Bonds and Derivative Products, to the same extent and with the same force and effect as if the financial obligations under such Credit Agreement were a Senior Lien Bond.

The Issuer may provide in the Supplemental Indenture pursuant to which a Derivative Products is entered into that the Credit Agreement pursuant to which a related Derivative Facility is provided shall be payable from the Specified Tax Revenues *pari passu* with all Outstanding Senior Lien Bonds and Derivative Products to the same extent and with the same force and effect as if the financial obligations under such contract or agreement were a Derivative Product.

CONDITIONS PRECEDENT TO ISSUANCE OF ADDITIONAL SENIOR LIEN BONDS.

Except as otherwise expressly provided in the Indenture with respect to Completion Bonds and Refunding Bonds, the following are conditions precedent to the issuance of any Additional Bonds under the Indenture:

(A) REPORTS AND CERTIFICATES OF ISSUER AND QUALIFIED CONSULTANT. The Issuer shall cause to be delivered to the Trustee a report from a Qualified Consultant certifying that the Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the issuance of such Additional Bonds equal at least four (4) times the maximum Annual Debt Service for the Outstanding Senior Lien Bonds, Derivative Products, if any, and the Additional Bonds then to be issued.

(B) OPINION OF BOND COUNSEL. The Issuer shall cause to be delivered an Opinion of Bond Counsel.

(C) NO EVENT OF DEFAULT. At the time of issuance of such Additional Bonds, there shall not exist and be continuing any Event of Default under the Indenture other than an Event of Default which will be duly cured or waived upon the issuance of such Additional Bonds.

(D) CERTIFICATE REGARDING PROJECT COSTS. If such Additional Bonds are to be used to finance the acquisition, construction or rehabilitation of a Project and the Issuer wishes to preserve the option to issue Completion Bonds, a certificate of the Issuer stating that the proceeds of such Additional Bonds (to the extent not designated for purposes other than the payment of the costs of such Project), together with other specified amounts reasonably expected to be available for the payment of the costs of such Project, will be sufficient to pay the costs of such Project as estimated at the time of issuance of such Additional Bonds.

COMPLETION BONDS.

The Indenture provides special rules for Senior Lien Bonds issued to complete a Project already being funded with Senior Lien Bond Proceeds if there are costs that were not anticipated at the time of issuance or incurrence of the original Series of Senior Lien Bonds issued to finance such Project and the use of the proceeds of the Completion Bonds will not materially expand the scope of the Project, except to the extent necessary for such Project to: (A) comply with any requirements of law applicable thereto; or (B) serve the purposes intended to be served thereby at the time such Project was originally undertaken. To take advantage of the special rules, the Issuer must first file with the Trustee a certificate of a Qualified Consultant to the effect that, in the judgment of the Qualified Consultant, the proceeds of the proposed Completion Bonds, together with any Issuer Contribution available for such purpose, will be sufficient to pay the remaining costs of the Project or Projects with respect to which such Completion Bonds are being issued. The Issuer must also file an Opinion of Bond Counsel. The principal amount of Completion Bonds that may be issued under these special rules for the purpose of completing any one Project may not exceed the amount which is ten (10) percent of the aggregate principal amount of all other Senior Lien Bonds issued in accordance with the general rules applicable to Additional Bonds for the purpose of financing the Project.

REFUNDING BONDS.

The Issuer may issue Senior Lien Bonds to refund Senior Lien Bonds without complying with the general conditions precedent to the issuance of Additional Bonds that are listed above, if the issuance of the refunding Senior Lien Bonds will not increase maximum Annual Debt Service on all Senior Lien Bonds.

DERIVATIVE PRODUCTS.

The Issuer may enter into Derivative Products subject to the conditions provided in the Indenture. The conditions precedent to the issuance of a Derivative Product are similar to those for the issuance of Additional Bonds, including a certificate from the Issuer certifying that the Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the issuance of such Derivative Product equal at least two (2) times the maximum Annual Debt Service for the Outstanding Senior Lien Bonds, all other outstanding Derivative Products and the Derivative Product to be entered into, an Opinion of Bond Counsel, an opinion of Reciprocal Party, and the absence of a continuing Event of Default under the Indenture at the time of execution of such Derivative Product.

The Indenture calls for the Issuer to execute and deliver a Supplemental Indenture to the Trustee prior to entering its first Derivative Product.

SHORT TERM DEBT, SUBORDINATED DEBT, AND OTHER ISSUER OBLIGATIONS.

The Indenture provides that nothing in the Indenture is intended to in any way restrict or limit the ability of the Issuer:

(a) to incur indebtedness or issue bonds, notes warrants or similar obligations which have a term to maturity in excess of one year and which are secured by a pledge of all or any part of the Specified Tax Revenues on a subordinated lien basis to the pledge thereof securing the Senior Lien Bonds; or

(b) to incur indebtedness or issue any bonds, notes, warrants or similar obligations of any maturity which are secured by any tax revenues of the Issuer or any other properties, assets or revenues of the Issuer other than the Specified Tax Revenues.

REVENUE FUND AND ACCOUNTS; DEPOSITS TO AND APPLICATION OF REVENUE FUND.

REVENUE FUND AND ACCOUNTS. The Indenture obligates the Issuer to maintain the Revenue Fund with the Trustee in the manner provided in the Indenture.

The Indenture establishes the Debt Service Account in the Revenue Fund to hold Specified Tax Revenues that are segregated to pay the Senior Lien Bonds.

DEPOSIT OF SPECIFIED TAX REVENUES AND RECIPROCAL PAYMENTS INTO REVENUE FUND. The Specified Tax Revenues shall be paid directly to the Trustee as and when the same are collected and otherwise required to be paid to the Issuer. The Issuer shall from time to time take such actions as may be necessary or appropriate to ensure that all Specified Tax Revenues shall be paid directly to the Trustee. All Reciprocal Payments under any Derivative Product shall also be paid directly to the Trustee.

Upon receipt by the Trustee, all Specified Tax Revenues and Reciprocal Payments shall be deposited in the Revenue Fund and applied as provided in the Indenture.

TRANSFERS TO DEBT SERVICE ACCOUNT. The Trustee shall transfer the following amounts from the Revenue Fund to the Debt Service Account for each Series of Senior Lien Bonds except Balloon Indebtedness, Capital Appreciation Obligations and Variable Rate Obligations:

(A) On each Settlement Date during an Interest Deposit Period for each Series of Bonds and except as otherwise provided for Balloon Indebtedness, Capital Appreciation Obligations and Variable Rate Obligations, the Trustee shall transfer from the Revenue Fund to the Debt Service Account an amount such that, if an equal amount is transferred to the Debt Service Account on all remaining Settlement Dates in the Interest Deposit Period, there will be available in the Debt Service Account an amount sufficient to pay the interest on that Series of Bonds that is due on the Interest Payment Date for that Interest Deposit Period. The Trustee shall credit against the transfers required by this subsection any Net Reciprocal Payment received by the Trustee and any capitalized interest for that Series of Bonds as provided in the Indenture. For purposes of paragraph:

> "Interest Accrual Period" means the period of time during which interest on a Series of Bonds accrues before it is scheduled to be paid. For example: if a Series of Bonds is issued on January 1 and the first interest payment is due on July 1, the first Interest Accrual Period will be six months; if the first interest payment for that Series is due on October 1, the first Interest Accrual Period will be nine months.
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> "Interest Deposit Period" means each period that begins on the fourth Settlement Date before the beginning of an Interest Accrual Period for a Series of Bonds (or the Settlement Date immediately following the Original Issue Date of that Series if the fourth Settlement Date before the beginning of an Interest Accrual Period occurs before the Original Issue Date), and ends on the fourth Settlement Date before the end of that Interest Accrual Period. The Interest Deposit Period includes the Settlement Date on which the Interest Deposit Period begins and the Settlement Date on which the Interest Deposit Period ends.

(B) On each Settlement Date during a Principal Deposit Period for each Series of Bonds, except as otherwise provided for Balloon Indebtedness, Capital Appreciation Obligations and Variable Rate Obligations, the Trustee shall transfer from the Revenue Fund to the Debt Service Account an amount such that, if an equal amount is transferred to the Debt Service Fund on all remaining Settlement Dates in the Principal Deposit Period, there will be available in the Debt Service Account on the last Settlement Date of the Principal Deposit Period an amount sufficient to pay the principal on that Series of Bonds that is due on the Principal Payment Date for that Principal Deposit Period. The Trustee may, at the request of the Issuer, credit any surplus in the Debt Service Account against transfers that are required by this subsection. For purposes of this section, "Principal Deposit Period" means each period that begins on the 56th Settlement Date before a Principal Payment Date for a Series of Bonds (or the Settlement Date immediately following the Original Issue Date of that Series if the 56th Settlement Date before a Principal Payment Date occurs before the Original Issue Date) and ends on the fourth Settlement Date before that Principal Payment Date. The Principal Deposit Period includes the Settlement Date on which the Principal Deposit Period begins and the Settlement Date on which the Principal Deposit Period ends.

The Indenture provides special provisions for the calculation of transfers to the Debt Service Account in the case of Senior Lien Bonds which constitute Balloon Indebtedness, the accreted interest on any Senior Lien Bonds which constitute Capital Appreciation Obligations, and the interest on any Senior Lien Bonds which constitute Variable Rate Obligations.

SPECIAL CALCULATION OF DEBT SERVICE IN CONNECTION WITH NET RECIPROCAL PAYMENTS RECEIVED BY TRUSTEE. Unless otherwise provided in a Supplemental Indenture, if the Trustee receives a Net Reciprocal Payment under a Derivative Product the Trustee shall deposit that payment in the Debt Service Account and credit that payment against future deposits that are required to be made to that account.

TRANSFERS FOR DERIVATIVE PRODUCTS. The Trustee is required to deposit Specified Tax Revenues equal to one quarter of the maximum estimated Issuer Payment into the Derivative Products Account on each of the four Settlement Dates immediately preceding each Derivative Payment Date.

PRIORITY; INSUFFICIENCY OF FUNDS TO MAKE REQUIRED TRANSFERS. If the amounts available in the Revenue Fund for transfer to the Debt Service Account and the Derivative Product Account are not sufficient to make the required transfers on each Settlement Date, the Trustee shall make transfers from the Revenue Fund to the Debt Service Account on a *pro rata* basis.

If, on any Settlement Date, there are insufficient moneys on deposit in the Revenue Fund to make all transfers to the Debt Service Account and the Derivative Product Account, if any, then and in any such event the amount of such deficiency shall be transferred (on a *pro rata* basis) on the next succeeding Settlement Date(s) until such time as all such deficiencies have been fully cured.

If seven days before any Interest Payment Date or Principal Payment Date, the Trustee determines that it will not have an amount in Debt Service Account that is sufficient to make the Senior Lien Bond principal or interest payments that are due on that payment date, the Trustee shall notify the Issuer, and the Issuer shall, not later than two days before the payment date, transfer to the Trustee an amount equal to the deficiency from the Issuer's lawfully available funds.

CREDIT FOR INVESTMENT EARNINGS AND UNUSED BALANCES. The Indenture allows the following amounts to be credited against required transfers from the Revenue Fund to the Debt Service Account:

(A) the investment earnings then on deposit in Debt Service Account; plus

(B) any other moneys then on deposit in the Debt Service Account, but not including any moneys deposited in the Debt Service Account, and being held by the Trustee, for the purpose of paying: (1) the Redemption Price of any Senior Lien Bonds called for Redemption but not yet presented for payment; (2) the principal of and interest on any Senior Lien Bonds which have theretofore matured but which have not yet been presented for payment; or (3) any amounts to become due on any Senior Lien Bonds but which are not yet due and payable.

DISPOSITION OF EXCESS. The amounts remaining on deposit in the Revenue Fund on each Settlement Date after making the transfers to the Debt Service Account or the Derivative Product Account, if any, is in the Indenture referred to as the "Excess." On each Settlement Date, the Trustee shall pay any Excess to the Issuer. Upon payment of the Excess by the Trustee to the Issuer, the Excess shall no longer be subject to the lien and pledge of the Indenture but shall be unrestricted, unencumbered funds of the Issuer which may be used and applied by the Issuer for any lawful purpose.

THE DEBT SERVICE ACCOUNT.

The moneys on deposit in the Debt Service Account shall be used to pay the principal of, interest on and Redemption Price of the Senior Lien Bonds, and, if applicable, the Trustee shall transfer such moneys to the appropriate Paying Agent(s) for application to the payment when due of the principal of, interest on and Redemption Price of the Senior Lien Bonds. Notwithstanding the foregoing or any other provision in the Indenture to the contrary, if any amount applied to the payment of principal of, interest on or Redemption Price of any Senior Lien Bonds that would have been paid from the Debt Service Account is paid instead by amounts drawn or paid under a Credit Facility (including but not limited to a Reserve Credit Facility), amounts on deposit in the Debt Service Account, and allocable to such payment for said Senior Lien Bonds, shall be paid to the extent required under the related Credit Agreement to the related Credit Provider.

INVESTMENTS.

Amounts held under the Indenture may be invested in Permitted Investments.

GENERAL COVENANTS OF THE ISSUER.

In the Indenture, the Issuer makes representations and covenants for the benefit of the Owners of the Senior Lien Bonds, including the following:

EXTENSION OF PAYMENT OF SENIOR LIEN BONDS. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Senior Lien Bonds or the time of payment of any interest on the Senior Lien Bonds. The issuance of Refunding Bonds shall not be deemed to constitute an extension of maturity of Senior Lien Bonds.

FURTHER ASSURANCE. At any and all times the Issuer shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, pledging, assigning and confirming in all and singular the rights, the Trust Estate and other moneys, securities and funds pledged or assigned as security for any Series of Senior Lien Bonds, or intended so to be, or which the Issuer may become bound to pledge or assign.

POWER TO ISSUE SENIOR LIEN BONDS AND TO PLEDGE THE TRUST ESTATE AND OTHER FUNDS. The Issuer is duly authorized under all applicable laws to issue the Senior Lien Bonds or to enter into the applicable Derivative Product and to execute and deliver the Indenture and such Supplemental Indenture, to pledge the Trust Estate and other moneys, securities and funds purported to be pledged as security for particular Series of Senior Lien Bonds or for such Derivative Product in the manner and to the extent provided in the Indenture and any Supplemental Indenture, and to perform its obligations hereunder and under the Senior Lien Bonds and any Supplemental Indenture. Except as otherwise required by law, the Trust Estate and the Specified Tax Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to the pledge created by the Indenture or any Supplemental Indenture and, except to the extent otherwise provided in the Indenture or any Supplemental Indenture, other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Indenture or any Supplemental Indenture.

GENERAL TAX COVENANTS. Except with respect to Senior Lien Bonds issued by the Issuer which are not Tax-Exempt Obligations, the Issuer shall take all actions within its control required by the Code as necessary to preserve the exclusion of interest received on Senior Lien Bonds issued or, then to be issued, from gross income for federal income tax purposes.

FINANCIAL AND RELATED COVENANTS.

In addition to the general covenant described above, the Issuer makes the following financial covenants under the Indenture:

ACCOUNTS AND REPORTS. The Issuer shall keep or cause to be kept proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Revenue Fund and Accounts established under the Indenture, and which books of records and accounts, together with all other books and papers of the Issuer relating to the Indenture and any Senior Lien Bonds or Derivative Products issued hereunder, shall at all times be subject to the inspection of the Trustee, the issuers of any Credit Facility for the Senior Lien Bonds, and the Owners of an aggregate of not less than 15% in aggregate principal amount of the Senior Lien Bonds then Outstanding or their representatives duly authorized in writing.

Within one hundred eighty (180) days after the close of each Fiscal Year, the Issuer shall cause to be filed with the Trustee a copy of the Issuer's annual audit report for such Fiscal Year, accompanied by an Accountant's Opinion, and including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such Fiscal Year; and a summary with respect to the Revenue Fund and each Account established under the Indenture for the Senior Lien Bonds of the receipts therein and disbursements therefrom during such Fiscal Year and the amount held therein at the end of such Fiscal Year. Such Accountant's Opinion shall state whether, to the knowledge of the signer, the Issuer is in default with respect to any of the covenants, agreements or conditions on its part contained in the Indenture, and if so, the nature of such default.

The Issuer shall with the Trustee, any Credit Provider, and the provider of any Derivative Facility:

(i) forthwith upon becoming aware of any Event of Default or default in the performance by the Issuer of any covenant, agreement or condition contained in the Indenture with respect to the Senior Lien Bonds or any Derivative Product, a certificate of the Issuer specifying such Event of Default or default; and

(ii) simultaneous with the filing of the annual audit report described above, a certificate of the Issuer stating that, to the best of the signer's knowledge and belief, the Issuer has kept, observed, performed and fulfilled its covenants and obligations contained in the Indenture and there does not exist at the date of such certificate any default by the Issuer under the Indenture or other event which, with the giving of notice or the lapse of time or both, would become a Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Owners of the Senior Lien Bonds at the office of the Trustee and shall be mailed to each such Owner who shall file a written request therefor with the Trustee. The Trustee shall charge each Owner requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

PAYMENT OF TAXES AND CHARGES. The Issuer shall pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the Issuer, its assets or properties or its operations, or upon any Project financed in whole or in part from the proceeds of any Senior Lien Bonds, or upon the rights, revenues, income, receipts, and other moneys, securities and funds of the Issuer, when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Indenture or any Supplemental Indenture in connection with any Senior Lien Bonds), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Issuer shall in good faith contest by proper legal proceedings if the Issuer shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

LEVY OF SPECIFIED TAXES. The Issuer shall, subject only to limitations imposed by law, impose, levy and collect, and shall take all action as shall be necessary to impose, levy and collect, Specified Tax Revenues in an amount which, when added to all other revenues of the Issuer available for such purpose, shall be sufficient to pay when due all Outstanding Senior Lien Bonds and all other expenses, liabilities and obligations, including, but not limited to, obligations under any Derivative Product, of the Issuer.

TAX REDUCTIONS AND SUBSTITUTE TAXES. The Issuer shall not take any action within its control which will:

(i) repeal in whole or in part any Specified Tax;

(ii) reduce the rate(s) at which a Specified Tax is levied; or

(iii) eliminate from the levy of a Specified Tax any category of persons or property subject to such Specified Tax on the date the Issuer pledges the revenues derived therefrom as part of the Specified Tax Revenues pledged as security for the Senior Lien Bonds or Derivative Products (any action of the Issuer which will have any effect described in (i), (ii) or (iii) above being hereinafter called a "Tax Reduction"); if, as a result of such Tax Reduction, the estimated Specified Tax Revenues for the 12-month period immediately following the effective date of such Tax Reduction (which estimate shall be based upon a report of a Qualified Consultant, which report must be filed with the Trustee not less than 20 days prior to the effective date of the Tax Reduction) will be less than the Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the effective date of the Tax Reduction. The Indenture sets forth the manner in which the Specified Tax Revenues for the 12-month period immediately following the Tax Reduction effective date shall be calculated. Such calculation will include the revenues estimated to be derived from any Substitute Tax , but only if:

(a) the Issuer causes such Substitute Tax to be first levied and imposed not later than the effective date of the Tax Reduction; and

(b) (I) the Issuer takes all necessary or appropriate action to duly pledge as security for the Senior Lien Bonds and Derivative Products all revenues derived from such Substitute Tax and such pledge is effective on or before the effective date of the Tax Reduction, or (II) the Issuer takes all necessary or appropriate action to duly pledge as security for the Senior Lien Bonds and Derivative Products such portion of the revenues derived from such Substitute Tax as are needed to ensure that the estimated Specified Tax Revenues for the 12-month period immediately following the Tax Reduction effective date (which estimate shall be based upon the Consultant's Report) will at least equal the Specified Tax Revenues for any period of 12 consecutive months during the 18 months immediately preceding the Tax Reduction effective date, and such pledge is effective on or before the Tax Reduction date.

Subject to the limitations set forth above, the Issuer shall have the right from time to time to effect a Tax Reduction or to substitute as part of the Specified Tax Revenues the revenues derived from a Substitute Tax in lieu of, or in addition to, the Revenues derived from any other Specified Tax or take any other action whatsoever with respect to the Specified Taxes and the Specified Tax Revenues.

Parity Debt. The Issuer shall not (except with respect to Additional Bonds issued and Derivative Products entered into by the Issuer under the Indenture):

(i) incur any indebtedness, or issue any bonds, notes, warrants or similar obligations which are secured by a pledge of all or any part of the Specified Tax Revenues on an equal and ratable (parity) basis with the Senior Lien Bonds or Derivative Products; or

(ii) create or cause to be created any lien or charge on the Trust Estate equal or superior to the lien on the Trust Estate securing the Senior Lien Bonds;

The Issuer has reserved the right to pledge Senior Lien Bond proceeds to pay for costs of Projects, to make pledges of the Trust Estate that take effect after all Senior Lien Bonds are defeased, and to make pledges for Credit Facilities and Derivative Products as permitted by the Indenture.

Inclusion of Debt Service in Fiscal Budget. The Issuer shall comply with all laws of the State of Oregon pertinent to its financial administration, and, in particular, with the Local Budget Law. For each Fiscal Year of the Issuer during which any Senior Lien Bonds or Derivative Products are Outstanding, the Issuer shall calculate all expenditures related to the Outstanding Senior Lien Bonds and Derivative Products that are projected to be due in such Fiscal Year, and shall include such projected expenditures in its budget for such Fiscal Year and duly appropriate the funds needed to pay such expenditures.

EVENTS OF DEFAULT.

So long as an Event of Default shall have occurred and be continuing, unless the principal of all the Senior Lien Bonds shall have already become due and payable, the Trustee may, and upon the written request of the Owners of not less than fifty percent (50%) in principal amount of the Senior Lien Bonds Outstanding, shall declare the principal of all the Senior Lien Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any Supplemental Indenture contained to the contrary notwithstanding.

However if, at any time after such declaration, but before the Senior Lien Bonds shall have matured by their terms, all defaults shall be cured or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Trustee, by written notice to the Issuer and the Owners of the Outstanding Senior Lien Bonds, or the Owners of 50% in principal amount of the Senior Lien Bonds Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, but no such recession or annulment shall extend to or affect any subsequent default.

APPLICATION OF REVENUES AND OTHER MONEYS AFTER DEFAULT.

After an Event of Default occurs without being remedied, the Issuer, upon the demand of the Trustee, shall cause to be paid over to the Trustee:

(a) all moneys, securities and funds held by the Issuer or a Depositary in the Revenue Fund and any fund or Account established under the Indenture with respect to the Senior Lien Bonds; and

(b) as promptly as practicable after receipt thereof, all Specified Tax Revenues needed to meet the Issuer's obligations hereunder.

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Specified Tax Revenues received by the Trustee as follows and in the following order of priority:

(I) REBATE PAYMENTS: to the payment of any amounts required to be rebated to the United States of America;

(II) EXPENSES OF FIDUCIARIES: to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries for the Senior Lien Bonds;

(III) PAYMENT OF SENIOR LIEN BONDS AND DERIVATIVE PRODUCTS: to the payment of the interest and principal then due on the Senior Lien Bonds, to the payment of Issuer Payments then due under any Derivative Product, and for payment of obligations under any Credit Agreement relating to a Credit Facility given as security for any Series of Senior Lien Bonds or as security for the Issuer's obligations under a Derivative Product, as follows:

(A) unless the principal of all of the Senior Lien Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Outstanding Senior Lien Bonds in the order of the maturity of such installments, and, with respect to funds other than those held in the Debt Service Account, to the payment of any and all Issuer Payments then due under any Derivative Product, and, if the amount available shall not be sufficient to pay in full any installment or installments and Issuer Payments maturing or coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any Outstanding Senior Lien Bonds which shall have become due, whether at maturity or by call for Redemption or prepayment in the manner provided in the Indenture; and

THIRD: To the payment of any amounts owing to the issuer and provider or issuers and providers of any Credit Facility or Derivative Facility;

(B) if the principal of all of the Senior Lien Bonds shall have become or have been declared due and payable to the payment of the principal and interest then due and unpaid upon the Outstanding Senior Lien Bonds and, with respect to funds other than those held under the Debt Service Account, Derivative Product and for payment of obligations under any Credit Agreement relating to a Credit Facility, and with respect to funds other than those held under the Debt Service Account, under any contract or agreement relating to a Derivative Product given as security for any Series of Senior Lien Bonds or any Derivative Product, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Lien Bond or Credit Agreement over any other Senior Lien Bond or Credit Agreement in the manner set forth in the Indenture.

APPOINTMENT OF RECEIVER.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Senior Lien Bonds under the Indenture, the Trustee shall be entitled to make application for the appointment of a receiver or custodian of the Specified Tax Revenues with such power as the court making such appointment shall confer.

PROCEEDINGS BROUGHT BY TRUSTEE.

If an Event of Default occurs the Trustee may proceed, and upon written request of the Owners of not less than 25% in principal amount of the Senior Lien Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Owners of the Senior Lien Bonds or the issuer of any Credit Facility given as security for any Series of Senior Lien Bonds, under the Indenture.

The Owners of not less than a majority in principal amount of the Senior Lien Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or of exercising any trust or power conferred upon the Trustee, *provided that* the Trustee shall have the right to decline to follow any such direction if the Trustee shall not be provided adequate security and indemnity or shall be advised by counsel that the action or proceeding so directed may not lawfully be taken or shall be inconsistent with the provisions of the Indenture, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners of Senior Lien Bonds not parties to such direction.

RESTRICTION ON OWNER'S ACTION.

No Owner of any Senior Lien Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least twenty-five percent (25%) in principal amount of the Senior Lien Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity.

NOTICE OF DEFAULT.

The Trustee shall mail written notice of the occurrence of any Event of Default to each Owner of Senior Lien Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Issuer.

THE TRUSTEE AND FIDUCIARIES.

Unless otherwise provided in a Supplemental Indenture with respect to a particular Series of Senior Lien Bonds, the Trustee shall be the Paying Agent and Bond Registrar for all Senior Lien Bonds issued under the Indenture.

Any recitals of fact in the Indenture, in any Supplemental Indenture and in the Senior Lien Bonds contained shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture, any Supplemental Indenture or of any Senior Lien Bonds or Derivative Products issued thereunder or as to the security afforded by the Indenture or any Supplemental Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee and each Fiduciary authorized to authenticate Senior Lien Bonds shall, however, be responsible for its representation contained in its certificate of authentication on the related Senior Lien Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Indenture or any Supplemental Indenture to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in any expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the Indenture, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

Each Fiduciary, upon receipt of any notice resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of the Indenture or any Supplemental Indenture, shall examine such instrument to determine whether it conforms to the requirements of the Indenture or the applicable provisions of a Supplemental Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties.

RESIGNATION AND REMOVAL OF TRUSTEE.

The Trustee may resign by giving not less than sixty (60) days' written notice to the Issuer and mailing notice thereof, postage prepaid, specifying the date when such resignation shall take effect, to each registered Owner of related Senior Lien Bonds then Outstanding at his address appearing upon the registry books of the Issuer, and such resignation shall take effect upon the latest to occur of the day specified in such notice or the date upon which the Issuer has appointed a successor and such successor has agreed to act in such capacity. Unless otherwise agreed to in writing by the Issuer, any such resignation by the Trustee shall, when effective, also serve to remove the Trustee as Bond Registrar and Paying Agent under the Indenture.

The Trustee may be removed at any time by an instrument in writing, filed with the Trustee, and signed by the Issuer. No such removal shall be effective until the Issuer has appointed a successor and such successor has agreed to act in such capacity.

If no appointment of a successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the Issuer written notice or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee or the Owner of any Senior Lien Bond may apply to any court of competent jurisdiction to appoint a successor Trustee.

The Trustee shall be a bank or trust company or national banking association, doing business and having its principal office in the State of Oregon, and shall have (or its parent company or holding company shall have) capital stock and surplus aggregating at least $50,000,000.

RESIGNATION OR REMOVAL OF PAYING AGENT OR BOND REGISTRAR AND APPOINTMENT OF SUCCESSOR.

Any Paying Agent or Bond Registrar, if different from the Trustee, may resign by giving at least 60 days' written notice to the Issuer and the Trustee. Any Paying Agent or Bond Registrar may be removed at any time by an instrument filed with such Bond Registrar and the Trustee and signed by the Issuer. Any successor Paying Agent or Bond Registrar shall be appointed by the Issuer with the approval of Trustee, and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least $25,000,000.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of such Paying Agent or Bond Registrar, the Trustee shall act as such Paying Agent or Bond Registrar.

SUPPLEMENTAL INDENTURES EFFECTIVE WITHOUT CONSENT OF OWNERS.

The Indenture provides that a Supplemental Indenture may be executed and delivered by the Issuer and the Trustee without the consent of Owners in certain circumstances, including, but not limited to the following:

(i) To add to the covenants and agreements of the Issuer, or to the limitations and restrictions in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(ii) To authorize the issuance of any Series of Senior Lien Bonds and, in connection therewith, to specify and determine the matters and things relative to such Senior Lien Bonds which are not contrary to or inconsistent with the provisions of the Indenture;

(iii) To modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute, federal tax laws or state securities laws;

(iv) To add additional security as part of any Trust Estate subject to the pledge and lien of the Indenture or any Supplemental Indenture;

(v) To confirm, as further assurance, any security interest or pledge created under the Indenture or any Supplemental Indenture;

(vi) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture or any Supplemental Indenture;

(vii) To make any change required by a Rating Agency as a precondition to the issuance of a rating on any Series of Senior Lien Bonds which is not to the prejudice of the Owners of the Senior Lien Bonds of any other Series;

(viii) To surrender any right or power of the Issuer, but only if the surrender is not contrary to the covenants and agreements of the Issuer in the Indenture;

(ix) To incorporate into the Indenture or any Supplemental Indenture any financing powers hereafter granted to or conferred upon the Issuer by law, or

(x) To enter into any Derivative Product.

POWERS OF AMENDMENT.

Any modification or amendment of the Indenture and of the rights and obligations of the Issuer and of the Owners of the Senior Lien Bonds may be made by a Supplemental Indenture with the written consent as provided in the Indenture of the Owners of at least a majority in principal amount of the affected Senior Lien Bonds Outstanding at the time such consent is given and any affected Credit Provider.

No such modification or amendment shall permit a change in the terms of Redemption or maturity of the principal of any Outstanding Senior Lien Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption premium (if any) thereof or in the rate of interest thereon or diminish the security afforded by any Credit Facility, or shall reduce the percentages or otherwise affect the classes of Senior Lien Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owner of each Senior Lien Bond affected thereby, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

For the purposes of amendment, Senior Lien Bonds of a particular maturity shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Owners of Senior Lien Bonds of such maturity. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Senior Lien Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and may rely upon the advice of Bond Counsel, and any such determination shall be binding and conclusive on the Issuer and all Owners of Senior Lien Bonds.

CONSENT OF OWNERS.

The Indenture provides that the Owners shall be provided with a brief summary of any Supplemental Indenture containing amendments, modifications or other provisions that require the Owners' consent. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee the written consents of Owners of the percentages of Outstanding Senior Lien Bonds specified in the Indenture which are affected by such Supplemental Indenture and the issuer of any affected Credit Facility and an Opinion of Bond Counsel.

Each required consent shall be effective only accompanied by proof of the ownership, at the date of such consent, of the Senior Lien Bonds with respect to which such consent is given. A certificate or certificates executed by the Trustee and filed with the Issuer stating that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Owners of the affected Senior Lien Bonds and the issuer of any affected Credit Facility described in such certificates of the Trustee. After the Trustee certifies the consent of the Owners, such consent shall be binding upon the Owner of the Senior Lien Bonds and the issuer of any affected Credit Facility giving such consent and upon any subsequent Owner.

MODIFICATIONS BY UNANIMOUS CONSENT.

The terms and provisions of the Indenture and the rights and obligations of the Issuer and of the Owners of the Senior Lien Bonds may be modified or amended in any respect upon the enactment by the Issuer of a Supplemental Indenture and the consent of the issuer of any affected Credit Facility, and the Owners of all of the affected Senior Lien Bonds then Outstanding.

DEFEASANCE.

The Indenture sets forth provisions for the release of the pledge and lien of the Senior Lien Bonds on the Trust Estate and the Indenture ("Defeasance"), if the Issuer pays to the Owners or holders of any Senior Lien Bonds the principal of, premium (if any) and interest due or to become due thereon, the obligations under any related Credit Agreement and the obligations under any Derivative Product at the times and in the manner stipulated in the Indenture.

Senior Lien Bonds or interest installments thereon for the payment or Redemption of which moneys or Government Obligations shall have been set aside and shall be held in trust by the Trustee shall be deemed to have been paid within the meaning and with the effect expressed in the foregoing; *provided that* in connection with any such deposit there shall be provided to the Trustee or other corporate trustee, as appropriate, a verification report of nationally recognized independent certified public accountants confirming the sufficiency of the moneys or Government Obligations so deposited.

EVIDENCE OF SIGNATURES OF OWNERS AND OWNERSHIP OF SENIOR LIEN BONDS.

Any request, consent, revocation of consent or other instrument which the Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. The ownership of Senior Lien Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books therefor. Any request or consent by the Owner of any Senior Lien Bond or the issuer of any Credit Facility shall bind all future Owners of such Senior Lien Bond and all future issuers of any Alternate Credit Facility given in replacement or substitution of such Credit Facility in respect of anything done or suffered to be done by the Issuer or any Fiduciary in accordance therewith.

MONEYS HELD FOR PARTICULAR SENIOR LIEN BONDS; UNCLAIMED MONEYS.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Senior Lien Bonds which remain unclaimed for six years after the date when such Senior Lien Bonds have become due and payable may be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Issuer for the payment of such Senior Lien Bonds.

PARTIES INTERESTED IN THE INDENTURE.

Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Issuer, the Fiduciaries, the Credit Providers and the Owners of the Senior Lien Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Fiduciaries, the Credit Providers and the Owners of the Senior Lien Bonds.

HOLIDAYS.

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Trustee or the issuer of any Credit Facility are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding business day, with the same force and effect as if done on the nominal date provided in the Indenture.

GOVERNING LAW.

The Indenture shall be interpreted, governed by and construed under the laws of the State, as if executed and to be performed wholly within the State.

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APPENDIX G

DEMOGRAPHIC INFORMATION

The boundaries of TriMet incorporate areas within Multnomah, Washington and Clackamas Counties and cover an area of 533 square miles, including the entire City of Portland which encompasses approximately 145 square miles, taking into account the withdrawal of the Boring area on January 1, 2013. Multnomah County consists of 465 square miles, Washington County consists of 727 square miles, and Clackamas County consists of 1,879 square miles, ranking as some of the smallest of the State's 36 counties in geographical size, but containing approximately 40 percent of the State's population. Multnomah County ranks first, Washington County ranks second and Clackamas County ranks third in population. The Tri-County Area constitutes the financial, economic and industrial center of the State. The map on page iii of the forepart of this Official Statement shows TriMet's service area.

The 2015 population of the TriMet district is estimated to be 1,489,796, which is approximately 86 percent of the population of the Tri-County Area and 38 percent of the State's population of 3.97 million.

As of 2014, the Tri-County Area accounted for approximately 53 percent of the State's total employment. The Tri-County Area economy is diversified in manufacturing, trade, high technology, services, construction, tourism and government sectors.

The three counties which comprise the Tri-County Area are also amongst the counties with the highest per capita income in Oregon.

TABLE G-1
POPULATION OF THE TRI-COUNTY AREA

Year[1]	Multnomah County	Washington County	Clackamas County	Total
2010	736,785	531,070	376,780	1,644,635
2011	741,925	536,370	378,480	1,656,775
2012	748,445	542,845	381,680	1,672,970
2013	756,530	550,990	386,080	1,693,600
2014	765,775	560,465	391,525	1,717,765

(1) Estimate as of July 1.
Source: Portland State University, Population Research Center, as of April 2015.

TABLE G-2
OREGON COUNTIES WITH HIGHEST PER CAPITA PERSONAL INCOME

	County	Per Capita Personal Income
1.	Sherman County	$ 57,738
2.	Clackamas County	49,453
3.	Washington County	44,757
4.	Morrow County	44,079
5.	Multnomah County	43,564
	Oregon State Average	39,848
	National Average	44,765

Source: U.S. Department of Commerce, Bureau of Economic Analysis, as of 2013.

TABLE G-3
ANNUAL AVERAGE NONAGRICULTURAL EMPLOYMENT IN THE TRI-COUNTY AREA[1]

Industry	2010	2011	2012	2013	2014[2]
Mining and logging	600	400	500	500	600
Construction	34,900	36,600	38,300	40,500	43,200
Manufacturing	88,200	92,000	94,000	94,700	96,400
Trade, transportation, and utilities	156,900	159,600	162,400	160,900	165,500
Information	19,400	19,500	19,800	19,800	19,800
Financial activities	53,400	52,900	53,500	54,800	55,100
Professional and business services	110,900	116,400	122,100	134,300	141,100
Educational and health services	112,500	115,700	118,200	120,600	122,800
Leisure and hospitality	77,900	79,900	82,900	86,300	89,600
Other services	29,000	29,500	30,300	30,600	31,300
Government	114,900	114,500	113,800	113,500	115,500
Total	**798,600**	**817,000**	**835,800**	**856,500**	**880,900**

(1) Not seasonally adjusted.
(2) Average through April 2015.
Note: Totals may not foot due to rounding.
Source: Oregon Employment Department, as of June 2015.

TABLE G-4
ANNUAL AVERAGE UNEMPLOYMENT[1]

	Multnomah County		Washington County		Clackamas County	
Year	**Civilian Labor Force**	**% Unemployed**	**Civilian Labor Force**	**% Unemployed**	**Civilian Labor Force**	**% Unemployed**
2010	402,077	9.6%	290,348	9.0%	199,859	10.1%
2011	407,497	8.3	294,403	7.7	202,378	8.8
2012	407,837	7.6	295,146	7.1	202,670	8.0
2013	399,667	6.8	290,331	6.3	195,878	7.1
2014[2]	416,199	6.1	290,636	5.7	198,577	6.3

	State of Oregon		United States	
Year	**Civilian Labor Force**	**% Unemployed**	**Civilian Labor Force**	**% Unemployed**
2010	1,984,039	10.6%	153,889,000	9.6%
2011	1,991,325	9.5	153,617,000	8.9
2012	1,953,631	8.8	154,975,000	8.1
2013	1,911,207	7.9	155,389,000	7.4
2014[2]	1,942,025	6.9	155,922,000	6.2

(1) Not seasonally adjusted.
(2) Average through April 2015.
Source: Oregon Employment Department, as of June 2015.

TABLE G-5
25 LARGEST PAYROLL TAX PAYERS IN THE DISTRICT
(For the Fiscal Year ended June 30, 2014)

1. Intel Corporation
2. Nike, Inc. Subsidiaries
3. Providence Health System
4. Oregon Health and Science University
5. Kaiser Foundation Health Plan
6. Legacy Emanuel Hospital Health Center
7. City of Portland
8. Daimler Trucks North America
9. Multnomah County
10. Kroger – Fred Meyer
11. Northwest Permanente PC
12. Wells Fargo Bank, National Association
13. U. S. Bank National Association
14. PCC Structurals Inc.
15. Regence BlueCross Blue Shield of Oregon
16. Portland General Electric Co
17. The Boeing Company
18. TriMet
19. Standard Insurance Co.
20. PacifiCorp and Subsidiaries
21. Clackamas County
22. Columbia Sportswear Co.
23. Adventist Health
24. Safeway Stores, Inc.
25. Tektronix Inc.

Source: TriMet.

The twenty-five largest payroll tax payers, listed above, paid 31 percent of the total collected payroll taxes in FY 2014.

TABLE G-6
25 LARGEST EMPLOYERS IN THE DISTRICT
(For the Fiscal Year ended June 30, 2013)

	Business Name	Total Employees
1.	Intel Corporation	17,432
2.	Oregon Health and Science University	13,690
3.	Providence Health System	11,289
4.	Nike, Inc. Subsidiaries	9,011
5.	Kaiser Foundation Health Plan	6,760
6.	City of Portland	6,687
7.	Multnomah County	5,338
8.	Safeway Stores, Inc.	4,183
9.	Wells Fargo Bank, National Association	4,083
10.	U. S. Bank National Association	3,678
11.	Legacy Emanuel Hospital Health Center	3,063
12.	PCC Structurals Inc.	2,799
13.	Daimler Trucks North America	2,720
14.	TriMet	2,336
15.	Clackamas County	2,214
16.	Portland General Electric Co	2,086
17.	Regence BlueCross Blue Shield of Oregon	1,837
18.	The Boeing Company	1,795
19.	Standard Insurance Co.	1,780
20.	Adventist Health	1,746
21.	PacifiCorp and Subsidiaries	1,397
22.	Columbia Sportswear Co.	1,381
23.	Kroger – Fred Meyer	1,263
24.	Northwest Permanente PC	1,232
25.	Tektronix Inc.	1,051

Source: TriMet, based on information from the Oregon Department of Revenue.

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