Official Statement Dated November 18, 1999

NEW ISSUE -- NEGOTIATED **BOOK-ENTRY-ONLY**

Interest on the Bonds is includable in gross income for federal income tax purposes. In the opinion of Ater Wynne LLP, Bond Counsel, under existing law, interest on the Bonds is exempt from present personal income taxation imposed by the State of Oregon. See "TAX MATTERS" herein.

MULTNOMAH COUNTY, OREGON

$184,548,160.15

Limited Tax Pension Obligation Revenue Bonds, Series 1999

(Federally Taxable)

(State of Oregon Tax-Exempt)

DATED: Current Interest Bonds, December 1, 1999
Deferred Interest Bonds, Date of Delivery

DUE: June 1, as shown on inside cover

The Limited Tax Pension Obligation Revenue Bonds, Series 1999 (the "Bonds"), will be issued by Multnomah County, Oregon (the "County"), in book-entry-only form, when issued, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank Trust National Association, Portland, Oregon, (the "Paying Agent") in immediately available funds to DTC, which, in turn, will remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. (See "Book-Entry-Only System" herein.) The Bonds are authorized by the Uniform Revenue Bond Act and by Resolution 99-218 which was approved by the Board of County Commissioners.

Maturities, Amounts, Interest Rates and Yields Appear On The Inside Cover

The Bonds will bear or accrue interest at the rates as set forth on the inside cover. The bonds maturing on June 1, 2002 through June 1, 2012 and the bond maturing on June 1, 2019 (the "Term Bond") are being issued as current interest bonds (the "Current Interest Bonds"). The Current Interest Bonds will be dated December 1, 1999. Interest on the Current Interest Bonds will be payable semiannually on December 1 and June 1 of each year commencing on June 1, 2000 as provided herein.

The bonds maturing on June 1, 2013 through June 1, 2016 and June 1, 2020 through June 1, 2030 are being issued as deferred interest bonds (the "Deferred Interest Bonds"). The Deferred Interest Bonds will be dated as of the date of delivery. The Deferred Interest Bonds are issuable in denominations such that the Accreted Value of each such Bond on the stated maturity date will be $5,000, and will represent the principal and interest accruing thereon from the date of delivery and compounded on June 1, 2000, and on each June 1 and December 1 thereafter. No payments are due to the owners of the Deferred Interest Bonds until the maturity dates of the respective Deferred Interest Bonds.

The proceeds of the Bonds will be used to finance the estimated unfunded actuarial accrued liability (the "UAAL") of the County with the Oregon Public Employees Retirement System (PERS), as more fully described herein, and to pay other costs related to financing the UAAL, including capitalized interest and costs of issuance. (See "THE COUNTY'S PERS PENSION LIABILITY" and "USE OF PROCEEDS" herein).

The Bonds are secured by the full faith and credit of the County. The Bonds will be limited tax revenue bonds of the County, and the County will pay the Bonds from its Available General Funds and other funds, including all taxes and other legally available funds of the County. The County is not authorized to levy additional taxes to pay these Bonds. The Bonds are not subject to annual appropriation. See "SECURITY" herein.

Payment of principal and interest on the Bonds (except the Term Bond) will be guaranteed by a municipal bond insurance policy issued simultaneously with the delivery of the Bonds by MBIA Insurance Corporation.

MBIA

The Term Bond is subject to mandatory redemption prior to maturity. All other Bonds are not subject to redemption prior to maturity. See "The Bonds -- Redemption of the Bonds" herein.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the County and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to the final approving opinion of Ater Wynne LLP, Portland, Oregon, Bond Counsel to the County, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Preston Gates & Ellis LLP, Portland, Oregon. The County expects that the Bonds will be available for delivery at the facilities of The Depository Trust Company in New York, New York on or about December 8, 1999.

Salomon Smith Barney

Goldman, Sachs & Co.

Prudential Securities

Maturity Schedules

$184,548,160.15
Limited Tax Pension Obligation Revenue Bonds, Series 1999
(Federally Taxable)
(State of Oregon Tax-Exempt)

$115,035,000 Current Interest Bonds

Due June 1	Principal Amount	Interest Rates	Price or Yield
2002 †	$ 530,000	6.49%	100.0%
2003 †	1,125,000	6.64	100.0
2004 †	1,790,000	6.76	100.0
2005 †	2,535,000	6.90	100.0
2006 †	3,365,000	7.00	100.0
2007 †	4,295,000	7.05	100.0
2008 †	5,325,000	7.10	100.0
2009 †	6,470,000	7.15	100.0
2010 †	7,740,000	7.20	100.0
2011 †	9,150,000	7.25	100.0
2012 †	10,710,000	7.30	100.0

$62,000,000 7.43% Term Bond Due June 1, 2019 @ 100.0%

(Plus accrued interest from December 1, 1999)

$69,513,160.15 Deferred Interest Bonds

Due June 1	Initial Principal Amount	Maturity Amount	Price per $5,000 Maturity	Approximate Yield to Maturity
2013 †	$4,478,962.65	$12,435,000	$1,800.95	7.72%
2014 †	4,471,921.40	13,430,000	1,664.90	7.74
2015 †	4,468,962.40	14,480,000	1,543.15	7.74
2016 †	3,499,944.10	12,235,000	1,430.30	7.74
2020 †	5,319,168.40	25,195,000	1,055.60	7.74
2021 †	5,208,023.20	26,615,000	978.40	7.74
2022 †	5,098,310.70	28,110,000	906.85	7.74
2023 †	4,988,664.25	29,675,000	840.55	7.74
2024 †	4,881,061.50	31,325,000	779.10	7.74
2025 †	4,774,525.20	33,060,000	722.10	7.74
2026 †	4,669,706.10	34,885,000	669.30	7.74
2027 †	4,565,776.00	36,800,000	620.35	7.74
2028 †	4,463,150.00	38,810,000	575.00	7.74
2029 †	4,362,195.75	40,925,000	532.95	7.74
2030 †	4,262,788.50	43,150,000	493.95	7.74

† Insured by MBIA Insurance Corporation.

OFFICIAL STATEMENT
of
MULTNOMAH COUNTY, OREGON

1120 S.W. Fifth Avenue, Room 1430
Portland, Oregon 97204
(503) 248-3511

Relating to
$184,548,160.15
Limited Tax Pension Obligation Revenue Bonds, Series 1999
(Federally Taxable)
(State of Oregon Tax-Exempt)

Board of Commissioners

Beverly Stein, Chair of Board
Lisa Naito
Serena Cruz
Diane Linn
Sharron Kelley

Department of Support Services

David A. Boyer, CCM, Director, Finance Division
Harry S. Morton, CCM, Treasury Manager
Vicki S. Gates, Director of Support Services

Bond Counsel

Ater Wynne LLP
Portland, Oregon

Paying Agent

U.S. Bank National Association
Portland, Oregon

Financial Advisor

Regional Financial Advisors, Inc.
Portland, Oregon

The Official Statement DOES NOT constitute a recommendation, expressed or implied, to purchase or not to purchase the Bonds or any other previous bonds of the Issuer.

The date of this Official Statement is November 18, 1999.

No person has been authorized by Multnomah County (hereinafter "County") to give any information or to make any representations other than those contained in this Official Statement, and that any such statements should not be relied upon as authorized by the County.

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. In making an investment decision, potential investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time.

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MULTNOMAH COUNTY, OREGON

$184,548,160.15

Limited Tax Pension Obligation Revenue Bonds, Series 1999

(Federally Taxable)
(State of Oregon Tax-Exempt)

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the appendices hereto.

The County

Multnomah County (the "County") has authorized the issuance of the Bonds.

Date of Issue

The Current Interest Bonds will be dated December 1, 1999 and the Deferred Interest Bonds will be dated as of the date of delivery.

Use of Proceeds

The proceeds of the sale of the Bonds will be used to finance the estimated unfunded actuarial accrued liability ("UAAL") of the County with the Oregon Public Employees Retirement System ("PERS"), as more fully described herein, and to pay other costs related to financing the UAAL, including capitalized interest and costs of issuance. (See "THE COUNTY'S PERS PENSION LIABILITY" and "USES OF PROCEEDS" herein.)

Security

The Bonds are secured by the full faith and credit of the County. The Bonds will be limited tax revenue bonds of the County, and the County will pay the Bonds from its Available General Funds and other funds, including all taxes and other legally available funds of the County. See Resolution in APPENDIX A for definition of "Available General Funds." The County is not authorized to levy additional taxes to pay these Bonds. The Bonds are not subject to annual appropriation.

Authorization

The County is authorized pursuant to Oregon Revised Statutes Sections 288.805 to 288.945 (the "Uniform Revenue Bond Act") and Resolution No. 99-218 to issue the Bonds. See Appendix A for a copy of the Resolution.

Redemption

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

The Term Bond maturing on June 1, 2019 is subject to mandatory redemption prior to maturity as described under "THE BONDS - REDEMPTION" herein. All other Bonds are not subject to redemption prior to maturity.

Tax Matters

In the opinion of Ater Wynne LLP, Bond Counsel, as of the date of issuance of the Bonds, the Bonds are not obligations described in section 103(a) of the Internal Revenue Code of 1986 and interest on the Bonds will be included in "gross income" of the owners thereof and be subject to federal income taxation. In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from present personal income taxation imposed by the State of Oregon. See "TAX MATTERS" herein.

Denominations

The Current Interest Bonds will be issued in denominations of $5,000 or integral multiples thereof within a maturity. The Deferred Interest Bonds will be issued in denominations such that the Accreted Value of the Deferred Interest Bonds on the stated maturity date will be $5,000.

Book-Entry-Only

The Bonds will be issued as fully registered securities, registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and subject to a Book-Entry System of registration and transfer. Individual purchasers of the Bonds will not receive physical delivery of Bond certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Rating and Insurance

Moody's Investors Service, Inc. ("Moody's") has assigned an Aaa rating to the bonds maturing in the years 2002 through 2016 and 2020 through 2030, with the understanding that, upon delivery of the Bonds, a policy insuring the payment when due of the principal and interest on those bonds will be delivered by MBIA Insurance Corporation.

The Term Bond maturing in 2019 is not insured, and is rated Aa2 by Moody's.

An explanation of the significance of such ratings may be obtained only from the agency. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the agency, if in its judgment circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Legal Opinion

The approving opinion of Ater Wynne LLP, Bond Counsel to the County, will be provided at no cost to the purchaser.

Registrar/Paying Agent

So long as the Bonds are subject to the Book-Entry-Only system, all payments of and interest on the Bonds will be remitted by the Paying Agent, currently U.S. Bank Trust National Association, Portland, Oregon, directly to DTC. DTC, in turn, will be required to distribute such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

Delivery

It is expected that the Bonds will be available at the facilities of The Depository Trust Company in New York, New York on or about December 8, 1999.

Financial Statements

The most recent audit report is for the Fiscal Year ended June 30, 1998, and was rendered by KPMG LLP, independent certified public accountants, Portland, Oregon. The auditors were not requested to review this Official Statement. Complete copies of the 1998 audit are available upon request to the County. The County's General Purpose Financial Statements for fiscal year ended June 30, 1998 are included in APPENDIX C. The 1999 audit is currently being performed by Grant Thornton, LLP.

Additional Information

For further information regarding the Bonds, contact Regional Financial Advisors, Inc., 733 SW Vista Avenue, Portland, Oregon 97205; phone (503) 227-2009; fax (503) 227-2510; email: lizj@r-f-a.com.

OFFICIAL STATEMENT
of
MULTNOMAH COUNTY, OREGON

Relating to

$184,548,160.15
Limited Tax Pension Obligation Revenue Bonds, Series 1999
(Federally Taxable)
(State of Oregon Tax-Exempt)

The information provided in this section will not be provided annually to the NRMSIRs and SIDs, if any. See the section entitled "Annual Disclosure Information" for the material which will be submitted annually.

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the sale and delivery of the Limited Tax Pension Obligation Revenue Bonds, Series 1999 (the "Bonds") in the aggregate principal amounts shown on the cover hereof.

Capitalized words and phrases not defined herein and used in this Official Statement have the meanings defined in the Resolution, a complete copy of which is attached to this Official Statement as Appendix A.

THE BONDS

GENERAL DESCRIPTION

The Current Interest Bonds will be dated December 1, 1999, and will bear interest at the rates and mature as set forth on the inside cover of this Official Statement. Interest will be payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2000.

The Deferred Interest Bonds will be issued at a substantial discount to their total maturity value with interest compounded semiannually at a fixed rate, which will be paid at their respective maturity dates. The Deferred Interest Bonds will be dated and accrete in value from their original delivery date. Interest on the Deferred Interest Bonds will compound on each June 1 and December 1, commencing June 1, 2000, (each a "Compounding Date"), at the approximate respective rates set forth on the inside cover of this Official Statement (together with the principal thereof, the "Accreted Value"). The Accreted Value is the sum of the principal plus accrued, compounded interest on the Bond for a specific date. The Accreted Value on each Compounding Date is shown in Appendix B; the Accreted Value for any date other than a Compounding Date will be determined by interpolation on a straight-line basis. Such calculation shall be binding and conclusive as to the Accreted Value of the Deferred Interest Bonds. The Deferred Interest Bonds will be issued in fully registered form in denominations such that the Accreted Value of each Deferred Interest Bond on its stated maturity date will be $5,000.

Each potential purchaser of a Deferred Interest Bond should consult with his or her tax or financial advisors as to whether the Deferred Interest Bonds are a suitable investment in light of such individual's personal financial circumstances. See "CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PURCHASERS OF DEFERRED INTEREST BONDS" below.

CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PURCHASERS OF THE DEFERRED INTEREST BONDS

THE DEFERRED INTEREST BONDS ARE DESIGNED FOR INVESTORS WHO INTEND TO HOLD THEIR BONDS UNTIL MATURITY. IF SOLD PRIOR TO MATURITY, THE RESALE VALUE WILL DEPEND UPON MARKET CONDITIONS THEN PREVAILING. MOREOVER, CHANGES IN PREVAILING INTEREST RATES WILL AFFECT THE MARKET VALUE OF DEFERRED INTEREST BONDS MORE DRAMATICALLY THAN CURRENT INTEREST BONDS. THE BROKERAGE AND OTHER COSTS OF SELLING DEFERRED INTEREST BONDS OF SMALLER DENOMINATIONS ARE LIKELY TO BE SIGNIFICANTLY HIGHER (AS A PERCENTAGE OF THE PRINCIPAL AMOUNT OF THE BOND) THAN THE COST OF SELLING SECURITIES OF LARGER DENOMINATIONS. THESE

TRANSACTIONAL COSTS MAY, IN THE EVENT OF SUCH A SALE, SIGNIFICANTLY REDUCE OR ELIMINATE THE INVESTMENT RETURN TO THE HOLDER OF THE DEFERRED INTEREST BOND. AN INVESTOR WHO ACQUIRES A DEFERRED INTEREST BOND IN THE ORIGINAL OFFERING WILL, FOR FEDERAL INCOME TAX PURPOSES, GENERALLY BE TREATED AS RECEIVING ON EACH DAY FROM THE DATE OF ISSUANCE OF SUCH BOND TAXABLE INTEREST INCOME THAT IS ATTRIBUTABLE TO ORIGINAL ISSUE DISCOUNT IN AN AMOUNT DETERMINED PURSUANT TO THE ECONOMIC ACCRUAL METHOD REQUIRED BY THE INTERNAL REVENUE CODE EVEN THOUGH THE RELATED CASH PAYMENT WILL NOT BE RECEIVED UNTIL THE PAYMENT OF THE DEFERRED INTEREST BOND. ACCORDINGLY, THE DEFERRED INTEREST BONDS MAY NOT BE SUITABLE INVESTMENTS FOR ALL INDIVIDUALS. POTENTIAL PURCHASERS OF SUCH BONDS SHOULD CONSULT THEIR TAX AND FINANCIAL ADVISORS. IN ADDITION, ACTUAL PURCHASERS OF THE DEFERRED INTEREST BONDS SHOULD CONSULT THEIR TAX AND FINANCIAL ADVISORS PRIOR TO SELLING SUCH BONDS BEFORE MATURITY. SEE "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" and "ORIGINAL ISSUE DISCOUNT " HEREIN.

AUTHORIZATION AND PURPOSE

The Bonds are being issued pursuant to Oregon Revised Statutes Section 288.805 to 288.945, inclusive, commonly known as the Uniform Revenue Bond Act, as amended, and the Resolution, which was approved by the Board of County Commissioners on November 4, 1999. See Appendix A for a copy of the Resolution. The purpose of the Bonds is to finance the County's estimated unfunded actuarial accrued liability ("UAAL") with the State of Oregon Public Employees Retirement System ("PERS"), and to pay other costs related to the UAAL, including capitalized interest and costs of issuance. See "THE COUNTY'S PERS PENSION LIABILITY" herein.

SECURITY

The Bonds are secured by the full faith and credit of the County. The Bonds will be limited tax revenue bonds of the County, and the County will pay the Bonds from its Available General Funds, including all taxes and other legally available funds of the County. See Resolution in APPENDIX A for definition of "Available General Funds." The County is not authorized to levy additional taxes to pay these Bonds.

During the 1999 Legislative session Senate Bill 198 was passed allowing counties to pledge their full faith and credit for "limited tax bonded indebtedness." A county may not have limited tax bonded indebtedness outstanding in an amount that exceeds one percent of the real market value of all taxable property in the county. The County's limit for this purpose is $455,322,391. The Bonds are limited tax bonded indebtedness, and the obligation of the County to pay the Bonds is NOT subject to annual appropriation. These Bonds are the County's only current limited tax bonded indebtedness.

REDEMPTION

Optional Redemption

The Bonds are not subject to optional redemption.

Mandatory Redemption

The Term Bond maturing on June 1, 2019, is subject to mandatory redemption, by lot (with the manner of selection to be chosen by the Paying Agent) at par plus accrued interest in accordance with the following schedule:

Date	Amount
June 1, 2016	$ 3,345,000
June 1, 2017	16,985,000
June 1, 2018	19,470,000
June 1, 2019	22,200,000 (final maturity)

Notice of Redemption

So long as the Book-Entry System remains in effect with respect to the Bonds, the County shall notify the Registrar of any early redemption not less than 40 days prior to the date fixed for redemption. The Paying Agent shall notify the Depository of any early redemption not less than 30 but no more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representations between DTC and the County.

All Bonds called for redemption shall cease to bear interest on the date designated in the redemption notice. The Bonds shall be redeemed at the office of the Paying Agent on payment of the face amount thereof plus accrued interest to the date fixed for redemption. While the Bonds are in book-entry form, the Paying Agent will give notice of any redemption to DTC, and DTC will be responsible for giving notice to Beneficial Owners.

BOND INSURANCE (APPLIES TO ALL BONDS EXCEPT THE TERM BOND)

Bond Insurance Policy

Concurrently with the issuance of the Bonds, MBIA Insurance Corporation ("MBIA") will issue its Municipal Bond Insurance Policy for the Bonds except the Term Bond (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds except for the principal and interest on the Term Bond when due as set forth in the Specimen Bond Insurance Policy included as Appendix G to this Official Statement.

MBIA Insurance Company has reserved the right to consent on behalf of all Owners to amendments to the Bond Resolution, and has also reserved the right to direct all default proceedings on behalf of the Owners.

THE POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

MBIA Insurance Corporation

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

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

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

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

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

As of December 31, 1998, the Insurer had admitted assets of $6.5 billion (audited), total liabilities of $4.2 billion (audited), and total capital and surplus of $2.3 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 1999, the Insurer had admitted assets of $6.8 billion (audited), total liabilities of $4.5 billion (audited), and total capital and surplus of $2.3 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year end financial statements prepared in accordance with statutory accounting practices are available from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service rates the claims paying ability of the Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the claims paying ability of the Insurer "AAA."

Fitch IBCA, Inc. (formerly known as Fitch Investors Service, L.P.) rates the claims paying ability of the Insurer "AAA."

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

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

MBIA's Year 2000 Readiness Disclosure

With the new millennium impending, MBIA Inc. (MBIA) is actively managing a high-priority Year 2000 (Y2K) program. The company has established an independent Y2K testing lab in its Armonk office, with a committee of business unit managers overseeing the project. MBIA has a budget of $1.13 million for its 1998-2000 Y2K efforts, and expenditures are proceeding as expected. We do not expect the project budget to materially exceed this amount. Over the past few years, MBIA executed a comprehensive computer system design and integration project. The completed system is Y2K-ready, and its cost is not included in the Y2K budget.

MBIA has completed the initial phase of its Y2K program. Testing to date indicates that functions critical to the financial guarantee business, both domestic and international, were Y2K-ready as of December 31, 1998. Additional testing will continue throughout 1999. In addition, MBIA's subsidiary companies are actively managing their own Y2K efforts and are expected to meet varying readiness deadlines before yearend. It is not possible at this time to determine whether a subsidiary's Y2K failure would have a material impact on MBIA.

An area of risk to MBIA's financial guarantee business is the potential inability of an issuer, or its trustee or paying agent, to make payments on an MBIA-insured transaction because of failure to be Y2K-ready. To mitigate this risk, we are surveying trustees, paying agents and selected high-volume issuers to determine their readiness. While the survey is not complete, results to date indicate that all respondents are either ready or planning to be ready by late 1999. If MBIA is asked to pay a claim in situations where the issuer's system fails, we will do so and would expect to recover such payment in a short time period. While it is not possible to predict the extent of such payments, we believe that MBIA has adequate sources of liquidity to cover these payments.

Additionally, MBIA is reviewing all ancillary support functions. Evaluation, testing and re-testing will continue into 2000.

THE INFORMATION RELATING TO THE INSURER AND ITS BOND INSURANCE HAS BEEN FURNISHED BY MBIA INSURANCE CORPORATION. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE CITY OR BOND COUNSEL AND IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE CITY OR BOND COUNSEL.

USE OF PROCEEDS

The proceeds of the sale of the Bonds will be used to finance the estimated UAAL of the County, as more fully described herein, and to pay other costs related to financing the UAAL, including capitalized interest and costs of issuance.

PLAN OF FINANCE

As described below in "THE COUNTY'S PERS PENSION LIABILITY," the most recent official estimate of the County's UAAL is $158,493,000 million as of December 31, 1997. It is the County's intent to transfer funds in the amount of $180,000,000 to PERS at closing of the Bonds to fund both the $158,493,000 estimated UAAL as of December 31, 1997 and an additional amount of $21,507,000 to pay for the potential additional increase in UAAL as of December 31, 1999. The source of funds will be bond proceeds from the Bonds.

TABLE 1 -- SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount	$184,548,160.15
Accrued Interest	163,199.72
Total Sources of Funds	$184,711,359.87
Uses of Funds	
Transfer to PERS	$180,000,000.00
Deposit to capitalized interest account*	2,533,364.53
Underwriters' Discount	1,135,671.84
Costs of Issuance**	1,042,323.50
Total Uses of Funds	$184,711,359.87

* Includes a deposit of the accrued interest.
** Includes bond insurance premium.

Source: Multnomah County.

The following table presents the debt service on the Bonds.

TABLE 2 -- DEBT SERVICE ON THE BONDS

Fiscal Year Ending June 30	Principal	Interest	Compounded Interest	Total
2000	$ 0	$ 4,196,564	$ 0	$ 4,196,564
2001	0	8,393,129	0	8,393,129
2002	530,000	8,393,129	0	8,923,129
2003	1,125,000	8,358,732	0	9,483,732
2004	1,790,000	8,284,032	0	10,074,032
2005	2,535,000	8,163,028	0	10,698,028
2006	3,365,000	7,988,113	0	11,353,113
2007	4,295,000	7,752,563	0	12,047,563
2008	5,325,000	7,449,765	0	12,774,765
2009	6,470,000	7,071,690	0	13,541,690
2010	7,740,000	6,609,085	0	14,349,085
2011	9,150,000	6,051,805	0	15,201,805
2012	10,710,000	5,388,430	0	16,098,430
2013	4,478,963	4,606,600	7,956,037	17,041,600
2014	4,471,921	4,606,600	8,958,079	18,036,600
2015	4,468,962	4,606,600	10,011,038	19,086,600
2016	6,844,944	4,606,600	8,735,056	20,186,600
2017	16,985,000	4,358,067	0	21,343,067
2018	19,470,000	3,096,081	0	22,566,081
2019	22,200,000	1,649,460	0	23,849,460
2020	5,319,168	0	19,875,832	25,195,000
2021	5,208,023	0	21,406,977	26,615,000
2022	5,098,311	0	23,011,689	28,110,000
2023	4,988,664	0	24,686,336	29,675,000
2024	4,881,062	0	26,443,939	31,325,000
2025	4,774,525	0	28,285,475	33,060,000
2026	4,669,706	0	30,215,294	34,885,000
2027	4,565,776	0	32,234,224	36,800,000
2028	4,463,150	0	34,346,850	38,810,000
2029	4,362,196	0	36,562,804	40,925,000
2030	4,262,789	0	38,887,212	43,150,000
Totals	$184,548,160	$121,630,069	$351,616,840	$657,795,069

Source: Multnomah County.

THE COUNTY'S PERS PENSION LIABILITY

The State of Oregon PERS was created to enable public employers in Oregon to provide retirement benefits to employees as part of their compensation package. PERS has administered benefits since 1946. Almost 900 public employers participate, including all state agencies and public school districts in Oregon. The majority of cities, counties, and other political subdivisions also participate. Active PERS membership totaled 147,448 employees on June 30, 1998, including 59,578 school employees, 40,271 state employees, and 47,599 employees of other political subdivisions. There were 37,946 inactive accounts (i.e., members who have left covered employment but have not withdrawn their accounts). Members or beneficiaries receiving monthly benefits totaled 75,326.

Substantially all County employees (see " FINANCIAL INFORMATION- Pension Plans") are participants in PERS after six months of employment. As of December 31, 1997, PERS' most recent actuarial valuation date, there were 3,951 active members currently employed by the County that contributed to PERS.

PERS uses three methods to calculate retirement benefits: Full Formula, Money Match and Formula Plus Annuity. The method for which an employee is eligible and which produces the highest amount is used to determine his or her monthly retirement benefit. One method, the Full Formula method, is a defined benefit pension plan. A second method is a form of defined contribution plan known as "Money Match" (described below). The third method, the Formula Plus Annuity method, uses a hybrid defined benefit plan and defined contribution plan, and is only available for employees making contributions prior to August 21, 1981. Employees and employers both contribute to a PERS account. The rate of employee contribution, which is established by law, is six percent of covered compensation. Under collective bargaining agreements, the County picks up the required six percent employee contribution for all employees' except the 86 prosecuting attorney's. The six percent is withheld from their paychecks. The rate of the employer contribution is set periodically by PERS based on actuarial valuations.

On October 14, 1998, the County received notification from PERS of revised employer contribution rates adopted by the PERS Board. These revised contribution rates were the result of PERS' regular two-year actuarial update, and are based on actuarial values as of December 31, 1997. Based on this update, the County's UAAL with PERS (i.e., the difference between the present value of benefit obligations for County employees and existing assets available for those benefits) increased from $128,540,000 to $158,493,000. Reasons for the increase in the County's UAAL include the following:

- **Taxation of retirement benefits**. Historically, PERS pension income has been exempt from State of Oregon income taxation. Following a 1989 ruling by the U.S. Supreme Court that States cannot tax federal and state retirees differently, the 1991 Oregon Legislature made PERS benefits subject to state income tax. The Oregon Supreme Court ruled that benefits for service after the date of the law (September 29, 1991) could be taxed, but benefits for service performed before that date could be taxed only if a "remedy" was provided. To compensate for Oregon personal income taxation, the 1995 Legislature passed HB 3349, which provided a maximum 9.89% benefit increase on benefits earned before October 1991. The total cost of the Legislature's action is approximately $1.3 billion for all PERS employers, including $311 million to be paid in refunds to PERS retirees who had been taxed and about $1 billion in extra benefits to offset state taxes over the next 30 years. Beginning in Fiscal Year ("FY") 1999-2000, PERS will pass these costs on to employers. Approximately $25 million of the County's UAAL is attributable to these costs.

- **Retirement and investment options**. Permitted investment options for employer and employee pension contributions, combined with options available to calculate an employee's retirement benefit, have also contributed to the higher UAAL. As described above, PERS selects the method for which an employee is eligible and which produces the highest amount to determine the retirement benefit. In recent years, strong investment performance has resulted in more employees retiring under an option known as "Money Match." Under Money Match, an employee's account balance is matched by an equal amount from the employer. Employees may opt to have contributions made on their behalf invested in a "regular" account which is invested in a mix of equities (no more than 60 percent), bonds, real estate and other interest bearing certificates. Alternatively, they may choose to have up to 75 percent of their contributions placed in a variable account for which 100 percent of its assets are invested in U.S. equities. Employer contributions may only be invested in the regular account. Earnings for the variable account have been significantly higher on average than earnings in the regular account and the rate of return for employer accounts has not kept pace with employee accounts. This mismatch in investment returns has created a shortfall in employer accounts. The County and other local governments are currently attempting to make changes in the way employer contributions may be invested by working directly with PERS.

In the absence of other funding arrangements, the UAAL is amortized by PERS at an interest rate of 8% over thirty years, and is collected by PERS through an employer contribution rate charged to covered employees' salary. Under this option, the County would pay a contribution rate charged to covered employees' salary of 12.28% in FY 1999-2000, 13.89% in FY 2000-2001 and then 15.51% over the remaining thirty-year amortization period.

The County is issuing the Bonds to pay its estimated UAAL to PERS. The County's employer contribution rate would then be set at 9.21%, a fully funded rate according to PERS, beginning January 1, 2000.

The County expects that interest earnings differentials related to the Money Match option and the method used by PERS to credit interest earnings to employer and employee accounts in 1998 have increased the UAAL since the actuarial valuation undertaken as of December 31, 1997. As a result, the County will use the proceeds of this bond issue to pay both the $158,493,000 estimated UAAL as of December 31, 1997, and an additional estimated amount of $21,507,000 to pay for the potential additional increase in UAAL as of December 31, 1999.

PERS has informed the County that if the County's contribution exceeds the UAAL, that PERS takes the over funded balance into consideration when developing the fully funded rate.

The County is currently engaged in discussions intended to make changes to the PERS system in order to help mitigate future problems in funding pension obligations. The County, other PERS employers, and the PERS Board of Directors are evaluating administrative rule changes that would correct practices that have contributed to the County's UAAL.

The proceeds of the Bonds will be turned over to PERS to reduce or eliminate the County's UAAL. However, the County makes no representation that the issuance of the Bonds will fully fund the County's pension liability currently or over the long run. The County's employer contribution rate is subject to future adjustment based on factors such as the results of subsequent actuarial valuations, the outcome of discussions with PERS regarding issues such as the treatment of County employees, investment of employer contributions under the Money Match option described above, crediting of interest earnings to employer and employee accounts, changes in benefits awarded by PERS, and legislative changes.

The County expects to pay debt service on the Bonds from contributions by County departments that have PERS-covered employees. Each department will be allocated a share of the annual debt service of the Bonds in proportion to its contribution to PERS in the most recent fiscal year for which actual results are available. These allocations will be incorporated into the County's annual budget. Using this approach, it is expected that approximately 60% of the debt service will be allocable to the General Fund, and the remainder will be paid from the County's various enterprise and special revenue funds.

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the County will provide annually the type of information presented in the tables of this section to all NRMSIRs and SIDs, if any. In addition to this information the County will provide an annual audited financial statement. (See Appendix F, "Continuing Disclosure Certificate" herein.)

BASIS OF ACCOUNTING

Modified accrual accounting is utilized for the General, Special Revenue, Capital Project and Debt Service Funds. All other funds utilize the accrual basis of accounting. The County's accounting practices conform to generally accepted accounting principals (GAAP), and with the standards of financial reporting developed by the Government Finance Officers Association of the United States and Canada and the Government Accounting Standards Board. The Government Finance Officers Association of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to Multnomah County for the fiscal years ending 1984 through 1998.

FISCAL YEAR

July 1 through June 30.

AUDITS

In accordance with the Oregon Municipal Audit Law (ORS 297.405 - 297.555 and 297.990) an audit is conducted at the end of each Fiscal Year by independent certified public accountants selected by approval of the Board Chair and the County Commissioners. This requirement has been complied with and the financial statements have received an "unqualified opinion" from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor's examination and the financial statements were prepared in accordance with generally accepted accounting principles.

The County's audit for Fiscal Year 1997-98 was performed by KPMG, LLP, CPAs, Portland, Oregon. The auditors did not review this statement and offer no opinion regarding this Official Statement. A copy of the 1998 audit is available upon request to the County. The County's General Purpose Financial Statements for fiscal year ended June 30, 1998 is included in APPENDIX C. Grant Thornton, LLP is currently performing the 1998-99 audit.

DEBT INFORMATION -- As of December 8, 1999

Debt and Other Obligations Summary (including the Bonds)

Outstanding debt	
Short-term (tax, revenue and bond anticipation notes)	$11,000,000
Long-term	
Gross direct debt [1]	$401,064,160
Net direct debt (all debt paid in whole or in part by taxes)[2]	$401,064,160
Net overlapping debt (as of September 9, 1999)	$1,093,353,541
Total net direct and overlapping debt	$1,494,417,701

1. Gross Direct Debt includes all Voter Approved General Obligation bonds, Limited Tax bonds and any other debt, Certificates of Participation or leases backed by the full faith and credit of the County.
2. Net Direct Debt is Gross Bonded Debt less debt or leases paid from non-tax sources.

TABLE 3 -- DEBT RATIOS

	Values	Per Capita	Percent of RMV
1998 estimated population	642,000	--	--
1998-99 Real Market Value (RMV)	$45,532,239,070	$70,922	--
Gross Direct Debt	$401,064,160	$625	0.88%
Net Overlapping Debt	$1,093,353,541	$1,703	2.40%
Net Direct Debt	$401,064,160	$625	0.88%
Net Direct Debt and Net Overlapping Debt	$1,494,417,701	$2,328	3.28%

Debt Limitations

Certificates of participation issued by counties, prior to October 23, 1999, that are subject to annual appropriation are not considered bonded debt under Oregon law and therefore, are not subject to statutory, constitutional or charter debt limitations. The County is in compliance with current debt limitations.

ORS 287.054 limits indebtedness for general obligation bonds by counties to two percent of the latest Real Market Value of the County, subject to voter authorization.

1998-99 RMV	$45,532,239,070
Debt limitation (2.00 % of RMV)	$910,644,781
Applicable bonded debt	$115,555,000
Debt margin	$795,089,781
Percent of limit issued	12.69%

ORS 287.054 limits "limited tax bonded indebtedness" (such as the Bonds) by counties to one percent of the latest Real Market Value of the County.

1998-99 RMV	$45,532,239,070
Debt limitation (1.00 % of RMV)	$455,322,391
This issue	$184,548,160
Debt margin	$270,774,231
Percent of limit issued	40.53%

Debt Management

The County has never defaulted on any debt or lease obligation.

Debt Authorization

None authorized but not issued at this time, except for the Bonds.

Future Financing Plans

Full Faith and Credit Obligations. The County plans to issue approximately $62,000,000 in full faith and credit obligations in early 2000. The proceeds will be used to complete the East County Facilities, acquire property for a possible future site for the County Courthouse, deferred maintenance and computer software equipment. The principal and interest payments will be partially offset by several leases that the County will be able to terminate or avoid. Other County-owned facilities that will be vacated as a result of constructing the multi-use facility will be sold. The sales proceeds will also be used to help offset a portion of the costs related to the financing.

TABLE 4 -- OUTSTANDING OBLIGATIONS (AS OF DECEMBER 8, 1999)

	Issue Date	Maturity Date	Amount Issued	Principal Outstanding
SECURED BY THE FULL FAITH AND CREDIT OF THE COUNTY				
General Obligation Bonds				
Series 1994 Library Bonds	03/01/94	10/01/13	$ 22,000,000	$ 6,010,000
Series 1994B Library Bonds	10/01/94	10/01/14	9,000,000	1,840,000
Series 1996A Library Bonds	10/01/96	10/01/16	29,000,000	11,035,000
Series 1996B Public Safety Bonds	10/01/96	10/01/16	79,700,000	30,580,000
Series 1999 Adv. Ref. G.O. Bonds	02/01/99	10/01/14	66,115,000	66,090,000
Total general obligations bonds			$205,815,000	$115,555,000
Certificates of Participation (subject to annual appropriation)				
1990 Probation Services	07/01/90	07/01/01	$ 455,000	$ 60,000
1993A Advance Refunding	05/01/93	07/01/13	17,845,000	11,915,000
1993B Advance Refunding	05/01/93	07/01/13	2,045,000	1,560,000
1996 Telecommunications	06/01/96	12/01/00	1,845,000	405,000
1998 Facilities and Advance Refunding	02/01/98	08/01/17	48,615,000	44,084,000
1999A Multnomah Building and Facilities[1]	04/01/99	08/01/19	36,125,000	36,125,000
Total Certificates of Participation			$106,930,000	$94,184,000
Limited Tax Revenue Bonds (NOT subject to annual appropriation)				
1999 Pension Bonds (this issue)	12/01/99	06/01/30	$184,548,160	$184,548,160
Leases and Contracts				
Portland Building -- purchase of two floors -- Intergovernmental agreement	01/22/81	01/22/08	$ 3,475,000	$ 2,024,000
IBM Computer Lease	03/10/99	03/10/02	1,656,597	1,528,000
Ameritech Lease (Computer)	01/10/96	01/10/00	317,000	70,000
Total leases and contracts			$ 5,448,597	$ 3,622,000
SECURED BY A SPECIFIC TAX				
Revenue Bonds				
Series 1998 (Regional Children's Campus)	10/01/98	10/01/14	$ 3,155,000	$ 3,155,000
Total Net Direct Debt				$401,064,160
Total Gross Direct Debt				$401,064,160
Short Term Debt				
Tax Anticipation Notes	07/01/99	06/30/00	$ 11,000,000	$11,000,000

1. The County expects to convert this issue to a full faith and credit obligation, not subject to annual appropriation in January, 2000.

Source: Multnomah County.

Accrued Vacation

County employees may accrue vacations and receive reimbursement upon termination of employment. As of June 30, 1999, the total accrued vacation liability in the General Fund and Other Funds was $12,908,000; $10,801,000 of the accrued vacation liability is funded.

Deposits and Investments

ORS 294 authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool and various interest-bearing bonds of Oregon municipalities. The County's investment policy prohibits the County from leveraging or borrowing funds to make investments.

The County's Investment Policy specifies the County's investment objectives, required diversification, certain limitations and reporting requirements. The County held the following cash deposits and investments at September 30, 1999.

TABLE 5 – CASH DEPOSITS AND INVESTMENTS AS OF SEPTEMBER 30, 1999

	Carrying Value	Market Value
U.S. Government agency securities	$123,450,411	$122,713,196
Commercial paper	31,258,438	31,201,555
Bankers' acceptances	1,690,178	1,690,242
Local Government Investment Pool	21,473,005	21,473,005
Pension trust investments (Library)[1]	10,974,665	10,974,665
Cash deposits & Certificates of deposit	309,511	309,511
Total cash and investments	$189,156,208	$188,362,174

1. As of 6/30/99.

Source: Multnomah County.

GENERAL FUND FINANCIAL INFORMATION

TABLE 6 -- FIVE-YEAR GENERAL FUND STATEMENT OF REVENUES AND EXPENDITURES ($000)

	1994-95	1995-96	1996-97	1997-98	1998-99 (Unaudited)
Revenues					
Taxes	$128,980	$138,855	$149,299	$141,079	$201,689
Licenses and permits	1,534	1,619	1,696	1,724	1,879
Intergovernmental revenue	11,641	12,869	14,864	17,185	17,282
Charges for services	3,737	5,538	5,929	6,975	7,515
Interest income	2,229	2,422	2,862	3,391	3,432
Other revenues	14,445	14,717	16,251	18,492	23,172
Total revenues	$162,566	$176,020	$190,901	$188,846	$254,969
Expenditures					
Current					
General government	$22,906	$22,214	$15,804	$15,614	$18,416
Health and social services	20,210	23,407	25,893	13,686	12,818
Public safety and judicial	52,106	55,026	57,595	77,987	84,769
Community services	4,437	6,399	20,206	10,449	29,546
Capital outlay	530	1,148	525	583	458
Debt service					
Interest	495	491	521	494	494
Total expenditures	$100,684	$108,685	$120,544	$118,813	$146,501
Excess of revenues over (under) expenditures	61,882	67,335	70,357	70,033	108,468
Other financing sources (uses)					
Operating transfers in	1,580	1,596	1,243	3,541	1,078
Operating transfers (out)	(59,214)	(62,403)	(69,533)	(71,000)	(118,384
Total other financing sources (uses)	(57,634)	(60,807)	(68,290)	(67,459)	(117,306)
Excess of revenues and other sources over (under) expenditures and other uses	4,248	6,528	2,067	2,574	(8,838)
Fund Balance Beginning July 1	10,456	14,704	21,232	23,299	25,873
Fund Balance Ending June 30	$14,704	$21,232	$23,299	$25,873	$17,035

Source: Derived from audited annual financial statements.

TABLE 7 -- FIVE-YEAR GENERAL FUND CONSECUTIVE BALANCE SHEETS ($000)

	1994-95	1995-96	1996-97	1997-98	1998-99
Assets					
Cash and Investments	$13,194	$17,983	$14,509	$23,739	$15,124
Receivables:					
Taxes	6,401	6,248	6,318	5,852	8,072
Accounts	4,124	6,006	6,799	6,291	5,803
Loans	--	138	138	--	--
Notes	57	45	--	--	--
Interest	411	798	1,220	713	2,320
Contracts	20	41	27	22	22
Due from other funds	--	--	3,696	--	--
Inventories	713	715	615	537	476
Prepaid Items	5	20	133	79	--
Total assets	$24,925	$31,994	$33,455	$37,233	$38,807
Liabilities & fund equity					
Liabilities:					
Accounts payable	$ 1,849	$ 2,082	$ 1,597	$ 3,003	$3,746
Deferred revenues	5,648	5,577	5,529	4,997	14,275
Vacation payable	2,724	3,103	3,030	3,380	3,751
Total liabilities	$10,221	$10,762	$10,156	$11,380	$21,772
Fund Equity:					
Inventories	$ 713	$ 715	$ 615	$ 537	$476
Prepaid Items	5	20	133	79	--
Undesignated	13,986	20,497	22,551	25,257	16,559
Total fund equity	$14,704	$21,232	$23,299	$25,873	$17.035
Total liabilities and fund equity	$24,925	$31,994	$33,455	$37,253	$38,807

Source: Derived from audited annual financial statements.

Employees: At June 30, 1999, the County had 4,594 employees not including temporary employees. There are nine bargaining units representing 3,902 employees as listed in the following schedule. In addition, there are 691 management and exempt employees.

TABLE 8 -- MULTNOMAH COUNTY, OREGON -- BARGAINING UNITS

Bargaining Unit	Employees	Contract Expires
General Employees (Local 88)	2,825	6/30/01
Electricians (Local 48)	23	6/30/01
Operating Engineers (Local 87)	13	6/30/01
Paint Makers (Local 55)	3	6/30/01
Corrections (Teamsters 223)	504	6/30/01
Deputy Sheriffs Association	89	6/30/01
Oregon Nurses Association	280	6/30/01
Juvenile Group Workers (Local 86)	79	6/30/01
Prosecuting Attorneys Association	86	6/30/00
Total	3,902	

Source: Multnomah County.

SUPPLEMENTAL INFORMATION

This information supplements the information provided in the Annual Disclosure Information section and will not be provided annually to the NRMSIRs and SIDs, if any.

MULTNOMAH COUNTY, OREGON

Multnomah County was incorporated in 1854 and was formed from parts of Clackamas and Washington counties as they existed at that time. Multnomah is the smallest county in the state (465 square miles) but is the most populous, with about 642,000 inhabitants as of July 1998. Portland, the county seat, was established in 1851 and is the state's largest city, with a July 1998 population of approximately 509,610. Five cities - Gresham, Troutdale, Fairview, Wood Village and Maywood Park - comprise the remainder of the incorporated part of the County.

Multnomah County's present Home Rule Charter was adopted in January 1967. The Charter has been amended several times by the voters of Multnomah County.

COUNTY STRUCTURE AND SERVICES PROVIDED

The County is governed by a Board of County Commissioners consisting of four non-partisan members elected from designated districts within the County and the Chair of the Board, elected at large. The County organization and the basic services provided are as follows:

Government

The Board of County Commissioners conducts all legislative business of the County in one formal Board meeting per week. It holds one informal meeting per week for the purpose of reviewing the formal agenda, hearing information briefings from staff, departments and outside agencies, and receiving citizen input on agenda items. The Board also holds other hearings as required by State law or County Charter. Some meetings are held outside the courthouse for greater citizen access.

The following table lists the principal officers and administrators for the County.

TABLE 9 -- MULTNOMAH COUNTY, OREGON -- PRINCIPAL OFFICERS

Title	Name	Service Began	Term Expires
Board of County Commissioners:			
Chair of Board	Beverly Stein	8/93	12/31/02
District No. 1[1]	Diane Linn	6/98	12/31/00
District No. 2	Serena Cruz	1/99	12/31/02
District No. 3[1]	Lisa Naito	6/98	12/31/00
District No. 4	Sharron Kelley	6/89	12/31/00
Other Officers:			
County Auditor	Suzanne Flynn	1/99	12/31/02
County District Attorney	Michael Schrunk	1/83	12/31/00
County Sheriff	Dan Noelle	5/95	12/31/02
Director, Finance Division	David A. Boyer	4/82	Not Elected
Treasury Manager	Harry S. Morton	3/94	Not Elected
County Counsel	Thomas Sponsler	6/97	Not Elected
Director of Support Services	Vickie S. Gates	9/96	Not Elected

1. The two commissioners were elected May 1998 to serve for the remaining term of their predecessors.

Source: Multnomah County.

Services

Department of Community and Family Services: Services include:

- Alcohol and other drug screening, assessment, treatment and prevention services;
- Anti-poverty programs to provide advocacy, economic opportunities and self-sufficiency supports to individuals along with weatherization assistance;
- Development of affordable housing and public works improvements;
- Services to individuals with developmental disabilities, including advocacy, service coordination, residential, vocational, respite, family support and emergency services;
- Mental health screening and evaluation, treatment, family support and crisis services;
- A network of seven family centers located throughout the County provides a full spectrum of programs for youth and families.

Department of Health Services: Services include:

- Primary health care and dental services at primary health care centers, dental clinics, schools based health centers and correctional facilities;
- Home visits to high risk families, offering child abuse prevention, parenting skills training, and health education;
- Prevention and treatment of communicable diseases, such as tuberculosis, sexually transmitted diseases, hepatitis, and HIV;
- Inspection and regulation of certain businesses and public services including ancillary health care services such as ambulance services and death investigation;
- Advocacy for the improved health of the community, particularly the medically underserved.

Department of Aging Services: Services to senior citizens include:

- Services through information and referral, gatekeepers and twenty-four hour access;
- Case management/needs assessment, eligibility, case plan development and service monitoring;
- Adult care home regulation and licensing;
- Public Guardian/Conservatorship;
- Nutrition, transportation and in-home services.

Department of Juvenile and Adult Community Justice Services: Services include:

- Detention services for youth awaiting adjudication, receiving secure mental health intervention, or being held as a sanction for parole violations;
- Supervision to youth on probation including home visits, linking to treatment services, monitoring school attendance and intervention in gang behavior;
- Advice to the court on needs of children/families involved in alleged child abuse and neglect;
- Supervision services for adult pre- and post-sentenced offenders;
- Evaluation services addressing sentencing recommendations, substance abuse and mental health treatment services;
- Services to address substance abuse, mental health, housing, literacy, employment, child custody, marriage and reconciliation, and basic living skill needs;
- Sanction programs that provide structured alternatives to prison.

Department of Library Services: Services include:

- Check books and other library materials out at the Central Library, fourteen branch libraries and through outreach services;
- Assist patrons in finding books and information;
- Select, acquire, organize and process a wide variety of books and other materials on numerous subjects expressing wide-ranging points of view for people of all ages;
- Provide age appropriate materials and services for children and young adults;

- Provide materials and services to those county residents not able to come to county libraries or use conventional materials.

Department of Environmental Services: Services include:

- Animal control is responsible for the community's animal ownership ordinances that protect people and animals and operating an animal shelter for lost, stray and unwanted animals;
- Assessment and taxation is responsible for property assessment, tax collection, recording, property records management, property foreclosures, Board of Equalization and Tax Title Fund management;
- Elections is responsible for performing all functions relating to the conduct of all elections for governmental jurisdictions in Multnomah County;
- Facilities and property management is responsible for facilities operations and maintenance, property management, tax foreclosed property maintenance, and capital improvement projects;
- Fleet, records, electronics and distribution is responsible for providing operational support services in the areas of county vehicles, records management, electronic equipment maintenance and interoffice and US mail processing;
- Transportation and land use planning is responsible for road, bridge and bikeway maintenance and capital projects, and to regulate planning activities in Multnomah County.

Sheriff's Office: Services include:

- Corrections programs such as work release and out-of-custody supervision for pre-trial and sentenced offenders in Multnomah County;
- In-jail alcohol and drug intervention services;
- Patrol services to rural areas of unincorporated Multnomah County;
- Narcotics education and intervention through the D.A.R.E. Program and narcotics enforcement through the Special Investigations Unit;
- Civil process service and civil court enforcement of "execution process";
- Water safety education and patrol of 97 miles of waterways within the boundaries of the County;
- Secure incarceration of inmates and the transportation of inmates both inter and intrastate.

District Attorney's Office: Services include:

- Felony prosecution;
- Targeted crimes prosecution (Regional Organized Crime Narcotics "ROCN" Task Force);
- Misdemeanor and violation prosecutions (DUII, traffic crimes);
- Multidisciplinary child abuse teams;
- Juvenile prosecutions (delinquency and dependency cases);
- Child Support enforcement;
- Victims assistance.

Department of Support Services: Services include:

- Finance is responsible for accounts payable, accounts receivable, contract administration, materials management, general ledger, payroll, purchasing and treasury functions;
- Budget and Quality Services is responsible for designing and coordinating the budget process, and for financial forecasting.
- Employee Services is responsible for the areas of personnel, training and employee benefits;
- Information Services is responsible for data processing and telecommunications;
- Labor Relations is responsible for the negotiations for nine collective bargaining agreements;
- Emergency Management coordinates the performance of essential and emergency services for the public's benefit prior to, during, and following an emergency situation;
- Risk Management is responsible for management, training, consultation and policy recommendation for loss control, property insurance and workers' compensation;

- Affirmative Action is shared by Multnomah County and The City of Portland and is responsible for assuring that the County conforms to regulatory requirements for monitoring, reporting, planning and implementing programs and strategies as they relate to equal opportunity laws.

Nondepartmental: Functions which are outside the scope of the aforementioned include:

- Office of the County Chair;
- The Board of County Commissioners;
- The County Auditor;
- County Counsel;
- The Tax Supervising and Conservation Commission;
- Multnomah Commission on Families and Children;
- Citizen Involvement Committee.

TABLE 10 – OVERLAPPING DEBT (AS OF SEPTEMBER 9, 1999)

Overlapping District	Assessed Value	Percent Overlapping	Overlapping: Gross Bonded Debt[1]	Overlapping: Net Direct Debt[2]
Mt. Scott Water District	$1,402,309,284	0.8223%	$ 16,076	$ 16,076
Clackamas County School District 7J	4,275,734,326	0.4484%	69,188	69,188
City of Lake Oswego	3,816,108,075	6.8260%	1,720,152	1,720,152
City of Milwaukie	1,323,029,619	0.4283%	17,689	17,689
Scappoose RFPD	596,720,409	7.3631%	9,940	9,940
Columbia County School District 1J	697,966,651	3.7274%	147,605	147,605
Port of Portland	96,221,705,033	44.1693%	8,835,618	8,835,618
Metro	86,745,138,968	48.3359%	95,450,931	98,450,931
Tri-County Metro. Transp. Serv. Dist.	87,197,241,463	48.1395%	75,701,771	75,701,771
Sauvie Island RFPD 30	104,599,319	100.0000%	270,000	270,000
Multnomah County School District 1J	29,401,822,243	99.1989%	318,731,026	318,731,026
Multnomah County School District 3	2,203,033,897	100.0000%	31,570,000	31,570,000
Multnomah County School District 7	3,335,730,883	100.0000%	27,710,000	27,710,000
Multnomah County School District 28J	1,583,401,293	92.2466%	9,201,198	9,201,198
Multnomah County School District 39	19,073,860	100.0000%	6,995,000	6,995,000
Multnomah County School District 40	2,250,179,742	100.0000%	16,890,000	16,890,000
Multnomah County School District 51JT	379,663,622	96.0103%	10,733,952	10,733,952
Multnomah County School District 10JT	3,854,112,611	82.6554%	27,342,406	27,342,406
Orient School District 6 Bonds	365,352,549	55.2633%	1,173,322	1,173,322
Gresham Grade School District 4 Bonds	2,979,485,662	100.0000%	20,030,000	20,030,000
Mount Hood Community College	15,242,772,945	83.3121%	1,682,904	1,682,904
Portland Community College	66,300,555,218	44.9486%	21,511,764	21,511,764
City of Fairview	232,314,200	100.0000%	2,650,000	2,650,000
City of Gresham	4,933,819,463	100.0000%	9,775,000	9,595,000
City of Portland	34,528,578,136	99.5720%	483,893,250[3]	383,756,971[3]
City of Troutdale	726,771,503	100.0000%	17,492,074	16,952,074
City of Wood Village	137,717,960	100.0000%	435,000	435,000
Unified Sewerage Agency	26,615,061,003	0.7091%	5,318	4,928
Tualatin Valley Fire & Rescue District	25,654,950,518	2.0601%	103,005	103,005
Washington County School District 48J	13,824,457,726	0.4822%	1,041,263	1,041,263
Hillsboro 1J	6,305,398,844	0.0057%	4,002	4,002
North Plains 1J	235,729,357	0.1528%	756	756
Totals			$1,191,210,210	$1,093,353,541

1. Gross Bonded Debt includes all Unlimited General Obligation bonds and Limited Tax General Obligation bonds.
2. Net Direct Debt includes Gross Bonded Debt less self-supporting General Obligation and Limited Tax debt.
3. This figure includes $300,848,345 of Limited Tax Pension Obligation Revenue Bonds that are expected to be delivered on or about November 10, 1999.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

FINANCIAL INFORMATION

Budgeting Process

Multnomah County prepares annual budgets in accordance with the provision of Oregon law for municipalities with a population exceeding 500,000 and with a Tax Supervising and Conservation Commission (TSCC).

At an advertised public meeting, the budget, prepared by the Chair of the Board, is adopted by the Board of County Commissioners by appropriation categories, i.e., personal services, materials and services, capital outlay and other appropriations by department for each fund.

The budget must be approved by the Board by May 15, and is then submitted to the TSCC. The Commission holds a public hearing and then returns the budget to the County by June 25. Accompanying the budget is a letter of certification with instructions for corrections, recommendations and objections. The Board is required to respond to the TSCC recommendations and objections. Another public meeting is held at which the Board adopts the final budget, makes appropriations and declares tax levies.

Supplemental budgets may be prepared as needed during the Fiscal Year utilizing transfers between the appropriation categories which are approved by the Commissioners. Supplemental budgets are considered and adopted by the same process as the regular budget, including public hearings and TSCC review.

TABLE 11 – BOND AND LEVY ELECTION RECORD

Year	Purpose	Amount Requested	Votes Yes	Votes No	Votes Margin	Percent Passed (Failed)
1993	G.O. Library Bonds	31,000,000	98,239	44,278	53,961	68.93%
1993	3-yr. Library Levy	7,500,000 /yr	80,887	54,630	26,257	59.69
1993	3-yr. Jail Levy	4,700,000 /yr	111,713	40,373	71,340	73.45
1996	G.O. Library Bonds	29,000,000	73,281	44,458	28,823	62.24
1996	G.O. Public Safety Bonds	79,700,000	64,135	51,736	12,399	55.35
1996	3-yr. Library Levy	16,353,000 /yr[1]	85,923	32,794	53,129	72.38
1996	3-yr. Jail Levy	29,933,000 /yr[2]	68,431	47,339	21,092	59.11
1997	5-Yr Library Levy	$21,300,000 [2]	112,095	100,560	11,535	52.71

1. Three-year average.
2. Five-year average.

Source: Multnomah County.

TABLE 12 – SUMMARY OF 1998-99 & 1999-2000 ADOPTED BUDGETS -- (ALL FUNDS)

	1998-99	1999-00
Resources		
Beginning working capital	$ 184,012,782	$ 199,203,716
Property taxes	253,097,896	259,972,922
Intergovernmental sources	277,520,219	278,056,146
Licenses & permits	3,377,707	3,740,221
Service charges	19,740,137	20,379,864
Interest	9,611,539	6,672,985
Other sources	8,107,462	8,297,813
Service reimbursements	109,723,549	118,828,672
Cash transfers	132,115,681	139,769,101
Bond/certificates	35,185,000	39,865,000
Total resources	$1,032,491,972	$1,074,786,440
Requirements		
Community and family	$ 127,511,506	$ 139,482,764
Aging	27,936,521	29,476,046
Health department	80,868,853	85,458,037
Juvenile & adult corrections	66,787,775	67,139,599
District attorney	17,547,346	19,053,089
Sheriff	87,555,709	91,917,770
Environmental services	260,305,433	276,858,060
Support services	62,956,437	61,854,987
Nondepartmental	69,080,507	64,646,700
Library	39,096,577	40,878,721
Cash transfers	131,895,523	139,769,100
Contingency	32,193,076	27,047,322
Ending balance	28,756,709	31,204,245
Total requirements	$1,032,491,972	$1,074,786,440

Source: Multnomah County 1998-99 and 1999-2000 Adopted Budgets.

Insurance

The County is exposed to various risks of loss related to: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established an Insurance Fund (an internal service fund) to account for risk management activities, including payment of insurance policy premiums, payment of claims, and to finance its uninsured risks of loss. The Insurance Fund is governed by an ordinance adopted by the Board of County Commissioners. The ordinance requires that a financial status report be submitted to the Board of County Commissioners on an annual basis. Every two years an actuarial valuation is performed on the workers' compensation and liability programs to evaluate the County's Incurred But Not Reported ("IBNR") claims. The medical and dental IBNR claims are based on projected monthly claims costs, projected enrollment and the number of days it takes an average claim to clear the claims paying system. All IBNR claims are recorded as an expense in the year they are incurred and a corresponding liability is recorded in the Insurance Fund. These liabilities are fully funded and totaled $8,967,000 for the Fiscal Year ended June 30, 1999.

The Insurance Fund allocates the cost of providing claims servicing and claims payment by charging a premium to the various County programs based on the actuarial estimates or actual insurance premiums paid.

The Insurance Fund provides risk of loss coverage as follows:

- General liability, bodily injury and property damage of third parties resulting from the negligence of the County or its employees and errors and omissions risks: These risks are covered by the Insurance Fund;
- Property damage to County-owned facilities: The property coverage covers individual claims in excess of $50,000 for other perils and extra expense, and $250,000 for flood, and $100,000 for earthquakes;
- Workers' compensation, bodily injury or illness to the employees while in the course of employment: Individual workers' claims up to $500,000 are covered by the Insurance Fund. The County has an insurance policy for any claim that exceeds $500,000;
- Employee medical, dental, vision, life insurance, and disability benefits: The County has a portion of these benefits covered by insurance and the remaining benefits are covered by the Insurance Fund. On the portion covered by the Insurance Fund, the County has stop loss protection for medical claims per individual that exceed $100,000; and
- Unemployment insurance: All unemployment claims are covered by the Insurance Fund.

The County did not have any significant reduction in insurance coverage from the prior year. The County has not experienced settlements in excess of insurance coverage in prior years. The County also monitors risk activity to ensure that proper reserves are maintained. Various County funds participate in the program.

The County also funds post-retirement benefits for a portion of medical insurance benefits for retirees between the ages of 58 to 65. Every two years an actuarial valuation is performed on the program to evaluate the unfunded liability and funding requirements. The next actuarial valuation will be performed in 1999 and will include the costs associated with the Retirement Incentive Program approved by the Board of County Commissioners. As of June 30, 1999, the total liability was $10,788,000, of which 84% was funded. The funded portion is included in retained earnings of the Insurance Fund.

The Insurance Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to the various funds based upon actuarial estimates of the amounts needed to pay prior and current year claims and to establish sufficient reserves. This charge considers recent trends in actual claims experience of the County as a whole. Claims liabilities also take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Pension Plan

Substantially all County employees are participants in the State of Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental units in the State of Oregon. The County's payroll for employees covered by PERS for the year ended June 30, 1999 was $174,418,000. The County's total payroll was $185,859,000.

All County full-time employees are eligible to participate in the PERS. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 (Tier 1) or at age 60 (Tier 2) with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Tier 1 applies to employees hired or vested before January 1, 1996. Tier 2 applies to employees hired or vested on or after January 1, 1996. Compulsory retirement age is 70. Retirement benefits are based on salary and length of service, are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes. The information for retirees, beneficiaries or terminated employees entitled to benefits but not yet receiving them is not presented because PERS pools the risk related to such employees among all employers. PERS fully funds these obligations at the time of retirement or separation from service. Accordingly, the following information covers only current employees.

Funding Policy and Annual Pension Cost

The County is required by the rules applicable to PERS to contribute 12.28 percent of covered employees' salaries to PERS in fiscal year 1999-2000. The contribution rate is determined based on actuarial valuations which are performed by PERS at least every two years. The County withholds the required 6 percent employee contribution from all employee' paychecks.

PERS policy provides for actuarially determined periodic contributions that are sufficient to pay benefits when due. Employer contributions are now calculated in conformance with GASB Statement No. 27, which took effect for the first time in FY 1998. The change in accounting method results in an increase of the County's liability. For previous debt issues, the County used GASB Statement No. 5. Based on the assumptions of the December 31, 1997 actuarial valuation, the County's required contribution, including employees' contributions, was equal to the annual pension cost of $26,689,000.

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/96	$23,900,000	100%	0
6/30/97	23,902,000	100%	0
6/30/98	26,689,000	100%	0

Significant actuarial assumptions used in the most recent valuation (December 31, 1997) include (a) a rate of return on the investment of present and future assets of 8% per year, (b) projected salary increases of 4.0% per year attributable to general wage adjustments, (c) additional increases for promotion and longevity that may vary by age and service, (d) projected automatic cost-of-living benefit increases of 2% per year (the maximum allowable), and (e) demographic assumptions that have been chosen to reflect our emerging experience of the members of the system, and are the same as those used to compute the emerging experience of the members of the system, and are the same as those used to compute the actuarially required contributions. The entry age actuarial cost method and level percentage amortization method are used. A thirty year amortization period is used. The actuarial value of assets is based on market value.

Schedule of Funding Progress ($000)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
12/31/93	$147,577	$249,433	$101,856	59%	$122,873	83%
12/31/95	201,614	330,154	128,540	61%	142,614	90%
12/31/97	291,095	449,588	158,493	65%	155,915	102%

Information for years prior to those shown is not available from PERS.

The County is issuing the Bonds to pay its estimated UAAL to PERS. The County's employer contribution rate would then be set at 9.21%, a fully funded rate according to PERS, beginning January 1, 2000. See "THE COUNTY'S PERS PENSION LIABILITY" herein.

PROPERTY TAX AND VALUATION INFORMATION

GENERAL

The Bonds will not be exempt from the limitations of Measure 5 and Measure 50.

The State of Oregon has not levied property taxes for general fund purposes since 1941 and obtains its revenue principally from income taxation.

Property tax administration governed by the Oregon Constitution, the State's taxation laws and regulations of the Department of Revenue, includes the process of assessment, equalization, levy and collection of taxes. A tax limitation measure ("Ballot Measure 50") that affects property tax collections was approved by the voters in the May 1997 special election. The implementing legislation changed the property tax administration system substantially, including changes to levy rates, assessments and equalization.

TAX INFORMATION

TABLE 13 – TAX COLLECTION RECORD

Fiscal Year	Assessed Valuation ($000)[1]	Percent Change	Total Levy ($000)[2]	Percent Change	Tax Rate /$1000[2]	Percent Collected Yr. of Levy	Percent Collected As of 7/31/99
1989-90	$18,661,878	2.14%	$ 84,647	5.18%	$4.54	92.65%	99.98%
1990-91	20,175,534	8.11	100,605	18.85	4.99	92.97	99.98
1991-92	23,326,062	15.62	91,957	-8.60	3.94	92.26	99.94
1992-93	25,526,710	9.43	101,479	10.35	3.98	93.62	99.97
1993-94	27,500,141	7.73	110,598	8.99	4.02	95.33	99.93
1994-95	30,711,496	11.68	123,672	11.82	4.03	94.65	99.86
1995-96	34,683,496	12.93	134,643	8.87	3.90	94.76	99.35
1996-97	38,460,938	10.89	162,985	21.05	4.24	94.93	98.72
1997-98	32,657,161	-15.10	158,856	-2.53	4.86	95.39	96.96
1998-99	35,783,015	9.57	187,084	17.77	5.39[3]	94.81	96.99

1. The Assessed Value for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on the Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. The Real Market Value for 1998-1999 is $45,532,239,070. Currently Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of Measure 50. See "Property Tax Limitation" herein.
2. The total levy and the tax rates include General Fund tax base, library and jail serial levies, and bond levies.
3. This is the first year of the Library Local option tax that added a tax rate of $0.59 to the total tax rate for the County.

Source: Multnomah County Division of Assessment and Taxation and prior year financial statements.

TABLE 14 -- FIVE-YEAR HISTORICAL IMPACT OF THE $10/$1,000 TAX LIMITATION ON COUNTY PROPERTY TAX REVENUES

	Fiscal Year	Levy Used to Compute Rate[1]	Loss Due to Tax Limitation	Percent Loss
(Actual)	1995-96	$134,750,216	$ 0	0.00%
(Actual)	1996-97	162,985,880	0	0.00
(Actual)	1997-98	159,579,218	1,495,520	0.94
(Actual)	1998-99	176,675,058	4,488,767	2.55
(Estimated)	1999-2000	183,742,060	4,668,318	2.54

1. Includes General Fund tax base, library and jail serial levies, and bond levies. This is the amount estimated to be raised before Measure 5 limit is applied.

Source: Multnomah County.

TABLE 15 -- PRINCIPAL TAXPAYERS IN MULTNOMAH COUNTY 1998-1999

Taxpayer Account	Type of Business	1999-2000 Assessed Valuation	Percentage of Total Assessed Valuation[1]
Fujitsu Microelectronics Inc.	Computers and electronics	$ 499,923,960	1.40%
U.S. West Communications	Telephone utility	305,142,566	0.85
Boeing Company	Aircraft parts	181,501,750	0.51
Alaska Airlines, Inc.	Airline	127,188,000	0.36
Portland General Electric	Electric utility	122,438,600	0.34
United Airlines, Inc.	Airline	114,827,000	0.32
Delta Airlines, Inc.	Airline	91,755,000	0.26
Si-Lloyd Associates	Property holdings	91,605,760	0.26
LSI Logic Corp	Microchip manufacturer	87,605,010	0.24
Oregon Arena Corporation	Property Management	85,202,610	0.24
Wacker Siltronic Corp	Silicon wafers	77,321,370	0.22
National Biscuit Co.	Food processing	73,679,100	0.21
PacifiCorp[2]	Electric utility	69,911,100	0.20
US Bancorp	Banking & financial services	69,908,590	0.20
Totals		$1,998,010,416	5.61%

1. The 1998-99 Assessed Valuation is $35,783,015,000 for Multnomah County; the Real Market Valuation is $45,532,239,070.
2. Pacific Power and Light is a subsidiary of PacifiCorp.

Source: Multnomah County Division of Assessment and Taxation.

PROPERTY TAX LIMITATION

History

Article XI of the Oregon Constitution contains various limitations on property taxes levied by local jurisdictions. The Constitution calls for taxes imposed upon property to be segregated into two categories; one to fund the public school system (including community colleges) and one to fund government operations other than the public school system.

Measure 5, passed by voters in 1990, limits combined property tax rates for non-school government operations to $10 per $1,000 of Real Market Value ("RMV") per county-assigned tax code area. Similarly, combined property tax rates for the public school system are limited to $5 per $1,000 RMV for each tax code area. Property taxes are also subject to the new limitations of Ballot Measure 50.

Ballot Measure 50 ("Measure 50") was approved by voters of the State of Oregon at a special election held on May 20, 1997. Measure 50 includes a reduction of property taxes with a rollback of property values used to calculate taxes for purposes of Measure 50 and a limitation on future increases in those values. The limitation on future increases in value limits collections under Measure 50's permanent tax rate limits.

Measure 50 did not repeal Measure 5, and the limits of the two measures both apply to property tax collections. Measure 5's $5/$1,000 limit on school operating taxes and $10/$1,000 limit on non-school operating taxes (the "Measure 5 limitations") are calculated based on RMV. Measure 50 limits tax collections under permanent rate limits by preventing Assessed Values from increasing by more than three percent unless the condition of the property changes.

Specific provisions include:

Permanent Tax Rates

Each local taxing district which imposed operating ad valorem taxes in Fiscal Year 1997-98 received a permanent tax rate. The permanent tax rate was calculated by dividing the total operating ad valorem taxes imposed by the County in Fiscal Year 1997-98 (reduced by an average of approximately 17 percent statewide) by the Assessed Value of that property. Measure 50 prohibits increases in permanent tax rates. Permanent tax rates are subject to the Measure 5 limitations. The County's permanent tax rate is $4.3434 per $1,000 assessed value, which produced $155.4 million in 1998-99. Measure 5 limitations reduced the amount received from the levy by $2.4 million.

Assessed Value Limitations

Measure 50 reduced property values for most property tax purposes (except calculation of the Measure 5 limitations) to "Assessed Value." In tax year 1997-98, each property was assigned an Assessed Value which was equal to its 1995-96 RMV, less ten percent.

Measure 50 limits any increase in Assessed Value (and therefore any increase in tax revenues from the new permanent tax rates) to 3 percent per year for tax years after 1997-98. There are special exceptions for property that is substantially improved, rezoned, subdivided or annexed, and when property ceases to qualify for a property tax exemption. Changed property will be assigned an Assessed Value equal to Assessed Value of comparable property in the area.

Exemptions

The Bonds are not exempt from Measure 50 limitations. Measure 50 exempted from its limitations taxes levied to pay voter approved general obligation bonds. Levies to pay general obligation bonds are also exempt from the Measure 5 limitations. See **"General Obligation Bonded Indebtedness"** below.

Measure 50 also exempted the following levies, which are subject to Measure 5 limitations:

1. Levies to pay bonds and other borrowings, if they were made before December 5, 1996, and were secured by a pledge or explicit commitment of ad valorem property taxes or a covenant to levy or collect ad valorem property taxes.

2. Certain local government pension levies.

The County has no levies of the type described in paragraphs 1 and 2, above.

Local Option Levies

Local governments (including community colleges) other than school districts will be able to override Measure 50 for limited term local option levies with voter approval that meet the voter participation requirements discussed below. Local option levies may be up to five years for any purpose or ten years for capital projects. Current legislation prohibits school districts from using local option levies.

Local option levies are subject to "special compression" under Measure 5. If operating taxes for non-school purposes exceed Measure 5's $10/$1,000 limit, local option levies are reduced first to bring operating taxes into compliance with this limit. This means that local option levies can be entirely displaced by future approval of permanent rate levies for new governments, or by urban renewal and the City of Portland's pension levy.

On November 4, 1997, the voters of Multnomah County approved a five-year Public Library Levy (local option tax). The levy will cost property tax owners about 59 cents per thousand of assessed value per year. The levy dedicated to library operations was estimated to provide $19.7 million in Fiscal Year 1998-99, $20.4 million in Fiscal Year 1999-00, $21.3 million in Fiscal Year 2000-01, $22.1 million in Fiscal Year 2001-02 and $23.0 million in Fiscal Year 2002-03. For Fiscal Year 1998-99, the library levy totaled $21,280,159. This levy caused property tax rates for various accounts to exceed the constitutional $10 per $1,000 of Real Market Value limit for local governments and therefore caused this local property tax option to fall into compression. In Fiscal Year 1998-99 library local option tax collections were reduced by $3,360,709 due to compression.

Voter Participation

In order to be exempt from the cap provisions of Measure 50, general obligation bonds other than refunding bonds must be approved by a majority of the voters voting on the question either: (i) at a general election in an even numbered year, or (ii) at any other election in which not less than fifty percent (50%) of the registered voters eligible to vote on the question cast a ballot.

General Obligation Bonded Indebtedness

Levies to pay the following general obligation bonds are exempt from the limitations of Measure 50 and the Measure 5 limitations:

1. General obligation bonds authorized by a provision of the Oregon Constitution;
2. General obligation bonds issued on or before November 6, 1990; or
3. General obligation bonds incurred for capital construction or capital improvements; and
   a) if issued after November 6, 1990, and approved prior to December 5, 1996, by a majority of voters; or
   b) if approved after December 5, 1996, in accordance with Measure 50's voter participation requirements, or obligations issued to refund the preceeding bonds.

The Bonds are not exempt general obligation bonds.

Collection

The County Tax Collector extends authorized levies, computes tax rates, bills and collects all taxes and makes periodic remittances of collections to tax levying units. County tax collectors are charged with calculating public school and local government taxes separately, calculating any tax rate reductions to comply with tax limitation law, and developing percentage distribution schedules. The tax collector then reports to each taxing district within five days the amount of taxes imposed.

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

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

A Senior Citizen Property Tax Deferral Program allows homeowners to defer taxes until death or sale of the home. Qualifications include a minimum age of 62 and household income under $19,500 for claims filed after January 1, 1991; $18,500 if filed during 1990; or $17,500 if filed prior to January 1, 1990. Taxes are paid by the State, which obtains a lien on the property and accrues interest at 6 percent.

TABLE 16 – REAL MARKET VALUE OF TAXABLE PROPERTY IN MULTNOMAH COUNTY ($000)

Fiscal Year	Personal Property	Public Utility Property	Commercial Property	Residential Property	Total
1989	$1,004,733	$1,303,507	$ 7,499,167	$ 8,464,224	$18,271,631
1990	1,032,886	1,417,606	7,631,464	8,579,922	18,661,878
1991	1,131,574	1,517,037	8,164,555	9,362,368	20,175,534
1992	1,130,602	1,426,209	9,761,548	11,007,703	23,326,062
1993	1,236,666	1,530,373	9,880,502	12,879,169	25,526,710
1994	1,203,111	1,628,475	9,941,135	14,727,420	27,500,141
1995	1,217,470	1,575,251	10,751,202	17,167,573	30,711,496
1996	1,330,246	1,647,640	11,938,742	19,766,868	34,683,496
1997	1,517,728	1,794,013	12,768,546	22,380,651	38,460,938
1998	1,757,402	2,101,301	14,078,289	24,330,799	42,267,791
1999	2,032,070	2,222,076	NA	NA	45,532,239

Source: Tax Supervising and Conservation Commission; Multnomah County Division of Assessment and Taxation.

TABLE 17 – CONSOLIDATED TAX RATES[1] – LAST TEN FISCAL YEARS

Fiscal Year	Multnomah County	Cities	Special Purpose Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total Local Government	Education Districts	Total All Districts
1989	$4.39	$6.43	$0.76	$0.02	$0.37	$0.90	$12.87	$18.45	$31.32
1990	4.54	7.48	0.74	0.02	0.34	1.05	14.17	19.22	33.39
1991	4.99	7.54	0.69	0.01	0.29	1.11	14.63	18.83	33.46
1992[2]	3.94	5.87	0.55	0.01	0.27	0.76	11.40	15.62	27.02
1993	3.98	5.91	0.71	0.01	0.22	0.00	10.83	13.33	24.16
1994	4.02	5.92	0.62	0.01	0.19	0.00	10.76	10.76	21.52
1995	4.03	5.92	0.49	0.01	0.07	0.00	10.52	8.12	18.64
1996	3.30	5.79	0.68	0.00	0.08	0.07	10.52	5.58	16.10
1997[3]	4.24	5.47	0.55	0.00	0.07	0.54	10.80	6.20	17.00
1998	4.86	6.03	0.68	0.00	0.07	1.08	12.65	7.27	19.99
1999	5.28	5.98	0.67	0.00	0.07	1.00	13.00	6.95	19.95

1. Rates are stated in dollar and cents per $1,000 of assessed value.
2. Property Tax Limitation Measure 5 went into effect.
3. Measure 50 went in effect which decreases the assessed valuation and results in an increase in tax rates.

Source: Multnomah County Division of Assessment and Taxation current and prior years' annual reports.

TABLE 18 -- CONSOLIDATED TAX LEVIES -- LAST TEN FISCAL YEARS ($000)

Fiscal Year	Multnomah County	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1989	$ 80,476	$117,471	$15,805	$337,013	$269	$6,785	$16,520	$574,339
1990	84,647	139,605	13,869	358,770	298	6,266	19,566	623,021
1991	100,605	152,122	13,875	379,882	277	5,852	22,338	674,951
1992[1]	91,957	136,958	12,780	364,468	260	6,362	17,656	630,441
1993	101,479	150,788	18,124	340,345	273	5,539	23	616,571
1994	110,598	162,870	17,068	295,852	290	5,298	21	591,997
1995	123,672	181,848	15,110	249,441	307	2,145	25	572,548
1996	135,104	200,896	23,515	193,685	155	2,633	2,520	558,508
1997[2]	162,985	210,568	20,970	238,347	169	2,763	18,020	653,822
1998	158,856	196,846	22,318	237,275	154	2,323	35,347	653,119
1999	188,837	214,148	23,798	248,622	159	2,422	35,911	713,897

1. Property Tax Limitation Measure 5 went into effect.
2. Property Tax Limitation Measure 50 went into effect.

Source: Multnomah County Division of Assessment and Taxation current and prior years' annual reports.

TABLE 19 -- 1999 REPRESENTATIVE CONSOLIDATED TAX RATES FOR LEVY CODE AREA 1[1]

Area	Tax Rate for Operations[2]	Tax Rate for Bonds	Tax Rate Total
Within the City of Portland			
Schools			
Portland School District No. 1	$5.3122	$1.0063	$6.3185
Multnomah Ed. Svc. District	0.4576		0.4576
Portland Community College	0.2828	0.0687	0.3515
Total Schools	$6.0526	$1.0750	$7.1276
Local Government			
Multnomah County	$4.9374	$0.4549	$5.3923
City of Portland	6.6251	0.2020	6.8271
Portland Urban Renewal	0.3997		0.3997
Metro	0.0966	0.2678	0.3644
Tri-Met Transportation District	0.1527		0.1527
Port of Portland	0.0700	0.0080	0.0780
Total Local Government	$12.2815	$0.9327	$13.2142
Total Consolidated Tax Rate	$18.3341	$2.0077	$20.3418

1. The 1998-99 Assessed Value to compute the tax rate of code area 1 is $21,957,110,713 which is 61.4 percent of the Assessed Value of the County.
2. The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies which are then applied to the Assessed Value to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value; Measure 5 tax rates cannot exceed $5 for schools and $10 for local governments.

Source: Multnomah County Tax Supervising and Conservation Commission

TABLE 20 -- 1999 REPRESENTATIVE CONSOLIDATED TAX RATES FOR LEVY CODE AREA 26[1]

Area	Tax Rate for Operations[2]	Tax Rate for Bonds	Tax Rate Total
Within City of Gresham			
Schools			
Gresham-Barlow SD No. 10	$4.5268	$1.7676	$6.2944
Multnomah Ed. Svc. District	0.4576		0.4576
Mt. Hood Community College	0.4944	0.0649	0.5593
Total Schools	$5.4788	$1.8325	$7.3113
Local Government			
Multnomah County	$4.9374	$0.4549	$5.3923
City of Gresham	3.6129	0.3407	3.9536
Metro	0.0966	0.2678	0.3644
Tri-Met Transportation District		0.1527	0.1527
Port of Portland	0.0700	0.0080	0.0780
Total Local Government	$8.7169	$1.2241	$9.9410
Total Consolidated Tax Rate	$14.1957	$3.0566	$17.2523

1. The 1998-99 Assessed Value to compute the tax rate of code area 26 is $1,993,004,703 which is 5.6 percent of the Assessed Value of the County.
2. The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies which are then applied to the Assessed Value to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value; Measure 5 tax rates cannot exceed $5 for schools and $10 for local governments.

Source: Multnomah County Tax Supervising and Conservation Commission

TABLE 21 – 1999 REPRESENTATIVE CONSOLIDATED TAX RATES FOR LEVY CODE AREA 78[1]

Area	Tax Rate for Operations[2]	Tax Rate for Bonds	Tax Rate Total
Within unincorporated area			
Schools			
David Douglas SD	$4.6394	$0.8954	$5.5348
Multnomah Ed. Svc. District	0.4576		0.4576
Mt. Hood Community College	0.4944	0.0649	0.5593
Total Schools	$5.5914	$0.9603	$6.5517
Local Government			
Multnomah County	$4.9374	$0.4549	$5.3923
Fire District No. 10	2.8514		2.8514
Metro	0.0966	0.2678	0.3644
Tri-Met Transportation District		0.1527	0.1527
Port of Portland	0.0700	0.0080	0.0780
Total Local Government	$7.9554	$0.8834	$8.8388
Total Consolidated Tax Rate	$13.5468	$1.8437	$15.3905

1. The 1998-99 Assessed Value to compute the tax rate of code area 78 is $6,510 which is less than 0.001 percent of the Assessed Value of the County.
2. The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies which are then applied to the Assessed Value to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value; Measure 5 tax rates cannot exceed $5 for schools and $10 for local governments

Source: Multnomah County Tax Supervising and Conservation Commission

ECONOMIC AND DEMOGRAPHIC INFORMATION

General Information

Multnomah County is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, most of which lies in the Willamette Valley, between the Tualatin Mountains west of the Willamette River and the Cascade Mountains to the east. The elevation ranges from 77 feet above sea level in Portland to 322 feet in Gresham and 1,224 feet at Big Bend Mountain in the Cascade foothills.

Early pioneers began settling the area in the 1840s. Portland was founded in 1851, and the County was incorporated in 1854, five years before Oregon was admitted to the Union.

Population

Multnomah County is the most populous county in the state, with a 1998 population of 642,000. Portland and Gresham are the largest incorporated cities in the County. Other cities include Fairview, Maywood Park, Troutdale, and Wood Village. Portland, the county seat of Multnomah County, is the largest city in Oregon, and the second largest city in the Pacific Northwest. See "Employment" herein for a description of the new PMSA.

TABLE 22 -- POPULATION ESTIMATES

As of July 1	State of Oregon	Portland Metropolitan Area*	Multnomah County	City of Portland	City of Gresham
1988	2,741,000	1,179,500	570,500	429,410	60,315
1989	2,791,000	1,202,200	581,000	432,175	65,470
1990	2,847,000	1,241,600	583,500	440,000	69,000
1991	2,930,000	1,285,100	600,000	453,065	71,225
1992	2,979,000	1,308,700	605,000	458,275	72,210
1993	3,038,000	1,338,900	615,000	471,325	73,185
1994	3,082,000	1,357,800	620,000	495,090	74,625
1995	3,132,000	1,379,700	626,500	497,600	77,240
1996	3,181,000	1,403,200	636,000	503,000	79,350
1997	3,217,000	1,420,900	639,000	508,500	81,865
1998	3,267,550	1,445,300	642,000	509,610	83,595
1960	1,768,687	821,897	522,813	372,676	3,944
1970	2,091,533	1,009,139	554,668	379,967	9,875
1980	2,639,915	1,108,700	562,300	370,000	33,230

* Includes Multnomah, Clackamas, Washington, and Yamhill counties.

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

Land Use Planning

Oregon law requires that comprehensive land use planning be done at the city and county levels. To provide common direction and consistency within each city and county comprehensive plan, Oregon law directs the Land Conservation and Development Commission (LCDC) to adopt statewide planning goals and guidelines. All zoning and development within a city or county must conform to the comprehensive plan for that area.

Multnomah County submitted its comprehensive plan to LCDC for approval in 1979. LCDC ordered changes in the plan, which were made, and the plan was resubmitted in 1980. LCDC approved the plan in July 1980. The County updates its plan periodically.

As part of a comprehensive plan, an urban growth boundary for the year 2000 must be established. This boundary is designed to contain urban sprawl and should encompass adequate land in each zoning category to support predicted growth. In the

Portland metropolitan area, Metro has responsibility for adoption, amendment and maintenance of a regional urban growth boundary. Local comprehensive plans must conform to the regional growth boundary.

Metro has the authority to expand the urban growth boundary when it can demonstrate the need for more urban land. Metro's Region 2040 growth management program began in 1991 to explore how the metropolitan region might accommodate expected growth over the next 50 years and to link land-use and transportation planning. In December 1995, the Metro Council adopted the Region 2040 Growth Concept, which encourages compact development near existing and future transit to reduce land consumption and the need to convert rural land to urban uses, preserves existing neighborhoods, identifies "rural reserve areas" as areas not subject to urban growth boundary expansion that serve as separation between urban areas, sets goals for providing permanent open space areas inside the urban growth boundary and recognizes that cities on the boundary will grow and that cooperation is necessary to address common issues.

The Metro charter adopted a more detailed plan, the 2040 Framework, in December, 1997. The 2040 Framework specifies how the region and local communities are to implement the 2040 Growth Concept and to provide performance measurements for local governments to meet. The 2040 Framework complies with state and regional planning goals. Several studies helped identify land to add to the urban growth boundary. As a result, on December 17, 1998 the Metro Council voted to add 21 urban reserves to the Urban Growth boundary. Local governments and property owners must submit a master plan for proceeding with annexation of any of these identified properties.

The Metropolitan Greenspaces Master Plan approved by the Metro Council in 1992 identifies 57 regionally significant natural areas and 34 trail and greenway corridors to be cooperatively managed as a regional system. On May 6, 1995, voters of the region approved a $135.6 million bond measure to implement a portion of the Master Plan. The Bonds were sold in 1995, and the funds are being used to acquire about 6,000 acres of open space in the metropolitan area, acquire six regional trail corridors and fund about 90 local government greenspace projects.

Employment

The County is part of the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA). Current employment and unemployment data are available for the PMSA only, which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington. From 1984 through 1992 the Portland PMSA consisted of Multnomah, Washington, Clackamas and Yamhill counties in Oregon. Before that, the PMSA included Multnomah, Washington and Clackamas counties in Oregon and Clark County in Washington.

The major trend in the metropolitan economy in recent decades has been toward greater diversification. Employment in manufacturing, construction, mining, and government is proportionately lower in Portland than in the United States as a whole. Employment in trade, services, finance, insurance, real estate, and transportation is proportionately greater in Portland.

TABLE 23 – MAJOR EMPLOYERS IN THE PORTLAND METROPOLITAN AREA*

Employer	Product or Service	1999 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	11,000
Freightliner Corporation	Heavy duty trucks	5,000
Tektronix, Inc.	Electronic instruments	4,000
Hewlett-Packard Co.	Computer printers	3,000
Nike, Inc.	Sports shoes and apparel	2,850
Precision Castparts Corporation	Steel castings	2,120
Boeing of Portland	Aircraft frame structures	2,000
Fort James (formerly James River Corporation)	Pulp & paper, packaging	1,300
SEH America	Silicon wafers	1,700
Burns Brothers Inc.	Travel/fuel stops and safety traction devices	1,600
Wacker Siltronic Corporation	Silicon semiconductor materials	1,500
Epson Portland Inc.	Computer printers	1,350
Gunderson Inc.	Railroad freight cars	1,200
Oregonian Publishing Co.	Newspaper & commercial printing	1,170
Sequent Computer Systems	Supermini computer systems	1,142
Jantzen Inc.	Sportswear	1,020
Mentor Graphics	CAE software & hardware	1,010
Non-Manufacturing Employers		
Fred Meyer, Inc. (Krogers Co., Inc.)	Grocery & retail variety chain	10,130
Providence Health Care System	Hospitals & clinics	8,938
Legacy Health System	Hospital & health services	6,731
U.S. Bancorp	Bank & holding company	4,909
Kaiser Permanente	Hospitals & clinics	4,287
Wells Fargo & Co.	Bank	4,000
Safeway Stores	Grocery chain	4,000
Meier & Frank Co.	Department stores	3,500
U.S. West Communications	Communications utility	3,440
United Parcel Service	Small package transport	3,100
Southwest Washington Medical Ctr.	Health care	2,617
Albertson's	Retail grocery chain	2,500
Rite Aid Corp.	Retail drug stores	2,300
Regency Blue Cross & Blue Shield	Medical insurance	2,105
Shari's Management Corp.	Restaurant chain	2,000
Consolidated Freightways	Transportation	2,000
Portland General Corp.	Electric utility	1,853
Horizon Air	Airline	1,800
Nordstrom	Retail specialty stores	1,700
Bank of America Oregon	Full commercial banking services	1,594
McDonalds Corporation	Fast food franchise	1,500
PacifiCorp	Electricity, mining & telecommunications	1,421
Target Stores	Retail chain	1,400
Double Tree Motels	Hotel/motel chain	1,400
Westwind Group dba Burger King	Restaurants	1,300
JC Penney Co.	Department stores	1,300
Delta Air Lines, Inc.	Airline	1,250
Standard Insurance Co.	Insurance	1,219

Table 23 is continued on next page.

TABLE 23 -- MAJOR EMPLOYERS IN THE PORTLAND METROPOLITAN AREA (CONTINUED)

Employer		1999 Estimated Employment
Non-Manufacturing Employers (continued)		
Dynamics Research Corporation	Information management system	1,200
Northwest Natural	Natural gas transportation and distribution	1,200
Adventist Medical Center	Hospital services	1,200
Reliance MetalCenter	Industrial Supplies	1,200
Sears, Roebuck & Co.	Retail department store	1,153
Costco Inc.	Wholesale membership warehouse	1,100
GTE Northwest	Telecommunications services	1,099
Tuality Healthcare	Health care	1,008
Home Depot	Home improvement	1,000
Public Employers		
U.S. Government	Government	17,600
State of Oregon	Government	8,400
Oregon Health Sciences University	Health care & education	9,600
Portland Public Schools	Education	6,200
City of Portland	Government	5,172
Multnomah County	Government	4,270
Washington County	Government	4,000
Portland State University	Education	3,500
Beaverton School District	Education	2,982
State of Washington	Government	2,900
Vancouver School District	Education	2,800
Bonneville Power Administration	Power generation & transmission utility	2,795
Portland Community College	Education	2,400
Tri Met	Transportation	2,321
Evergreen School District	Education	2,204
Hillsboro School District	Education	2,000

* Includes full and part-time workers in a five county area of Multnomah, Washington, Clackamas, and Yamhill counties in Oregon and Clark County in Washington.

Source: Portland Chamber of Commerce, The Business Journal, Regional Financial Advisors, Inc.

TABLE 24 -- PORTLAND-VANCOUVER PMSA LABOR FORCE BY PLACE OF RESIDENCE

Year	Resident Civilian Labor Force (000)	Unemployment Number (000)	Unemployment Percent of Labor Force	Total Employment[1] (000)
1989	815.0	38.7	4.7%	776.3
1990	838.7	35.5	4.2	803.2
1991	854.3	41.9	4.9	812.4
1992	874.5	56.1	6.4	818.4
1993	907.1	54.3	6.0	852.8
1994	936.5	40.3	4.3	896.2
1995	956.3	36.1	3.8	920.2
1996	1,003.7	45.5	4.5	958.2
1997	1,025.7	44.1	4.3	981.6
1998	1,048.8	44.8	4.3	1,004.0

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

Source: State of Oregon Employment Department.

TABLE 25 -- PORTLAND-VANCOUVER PMSA HISTORICAL NON-AGRICULTURAL EMPLOYMENT

	1988		1998		
	Annual Average (000)	Percent of Total	Annual Average (000)	Percent of Total	Compounded Annual Average Rate of Change
Non-Agricultural Wage & Salary Employment	583.2	100.00%	938.6	100.00%	4.87%
Manufacturing	98.3	16.86%	148.9	15.86%	4.24%
Durable goods	71.2	12.21	109	11.61	4.35
Lumber & wood products	7.8	1.34	8.7	0.93	1.10
Other durable goods	63.5	10.89	96.9	10.32	4.32
Nondurable goods	27.1	4.65	39.9	4.25	3.94
Food products	8.3	1.42	9.5	1.01	1.36
Other nondurable goods	17.4	2.98	28.8	3.07	5.17
Nonmanfacturing	484.9	83.14%	789.7	84.14%	5.00%
Construction	22	3.77	54.1	5.76	9.42
Transportation, communication & utilities	23.5	4.03	53.9	5.74	8.66
Trade	154.3	26.46	233.2	24.85	4.22
Finance, insurance & real estate	48	8.23	67.4	7.18	3.45
Services	145.3	24.91	261.3	27.84	6.04
Government	79.3	13.60	118.4	12.61	4.09
Labor management disputes	0.5		0.1		

NOTE: Numbers represent jobs by place of employment and covered by employment insurance.

The Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) includes Clackamas, Multnomah, Washington, Columbia and Yamhill counties in Oregon, and Clark County in Washington.

Source: State of Oregon Employment Department.

TABLE 26 – PORTLAND-VANCOUVER PMSA NON-AGRICULTURAL EMPLOYMENT

	1998*	
	Annual Average (000)	Percent of Total
Total wage & salary employment	938.6	100.0%
Manufacturing total	148.9	15.9%
Durable goods	109.0	11.6
Lumber & wood products	8.7	0.9
Sawmills	3.0	0.3
Veneer & plywood	0.8	0.1
Millwork	2.8	0.3
Other lumber & wood products	2.2	0.2
Primary metals	9.1	1.0
Fabricated metals	11.6	1.2
Machinery	19.9	2.1
Office & computing machines	8.2	0.9
Other machinery	11.8	1.3
Electronic & other elect. Equip.	29.7	3.2
Transportation equipment	12.2	1.3
Instruments & related products	9.4	1.0
Other durable goods	2.6	0.3
Non-durable goods	39.9	4.3
Food & kindred products	9.5	1.0
Apparel & textiles	1.7	0.2
Paper & allied products	7.0	0.7
Printing & publishing	10.2	1.1
Other non-durable products	6.4	0.7
Non-manufacturing total	789.7	84.1%
Mining & quarrying	1.2	0.1
Construction	54.1	5.8
Transportation, communications & utilities	38.1	4.1
Trade	233.2	24.8
Wholesale trade	70.9	7.6
Retail trade	162.4	17.3
Finance, insurance & real estate	67.4	7.2
Services	261.3	27.8
Government	118.4	12.6
Federal	17.9	1.9
State	13.2	1.4
Local	87.4	9.3
Labor-management disputes	0.1	

* Columns may not foot due to rounding.

NOTE: Numbers represent jobs by place of employment and covered by employment insurance.

The Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) includes Clackamas, Multnomah, Washington, Columbia and Yamhill counties in Oregon, and Clark County in Washington.

Source: State of Oregon Employment Department.

Unemployment

Over the past ten years, unemployment in the metropolitan area has been lower than in the state as a whole and the nation, due to the diversified economy within the PMSA.

TABLE 27 -- PORTLAND PMSA AVERAGE ANNUAL UNEMPLOYMENT

Year	Portland-Vancouver PMSA	State of Oregon	USA
1989	4.5%	5.7%	5.3%
1990	4.2	5.5	5.2
1991	4.7	6.0	6.7
1992	6.4	7.5	6.7
1993	6.0	7.3	7.4
1994	4.3	5.4	6.1
1995	3.8	4.8	5.6
1996	4.5	5.9	5.4
1997	4.3	5.8	4.9
1998	4.3	5.6	4.5

Source: State of Oregon Employment Department.

Income

Over the past ten years Total Personal Income and Per Capita Income in the Portland PMSA has been higher than that of the state as a whole and of the nation, as noted in the following table. Personal income includes wages and salaries, other labor-related income (such as employer contributions to pension funds), proprietors' income, rental income, dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Before 1995, effective buying income was defined as personal income less tax and non-tax payments; after 1995 effective buying income was redefined to mean money income less personal income tax, personal contributions to social insurance, and taxes on owner-occupied homes. Money income includes wages and salaries, self-employment income, interest, dividends, transfer payments, and other income.

TABLE 28 -- PORTLAND PMSA INCOME ESTIMATES

Year	PMSA Total Personal Income (millions)	Per Capita Income			Median Household Effective Buying Income	
		Portland PMSA	State of Oregon	USA	Portland PMSA	State of Oregon
1989	$26,823	$18,101	$16,404	$17,696	$28,192	$23,624
1990	29,292	19,188	17,452	18,635	29,982	25,082
1991	31,118	19,809	17,948	19,201	32,961	29,300
1992	33,522	20,867	18,747	20,147	34,351	30,294
1993	35,878	21,817	19,512	21,368	36,159	31,744
1994	38,374	22,890	20,497	22,186	38,729	33,662
1995	42,160	24,553	21,579	23,359	33,713	31,002
1996*	45,997	26,228	22,852	24,436	35,325	30,166
1997	49,019	27,388	23,920	25,288	37,474	31,807
1998	NA	NA	24,775	26,482	NA	NA

* The definition of effective buying income changed in 1995 and is not comparable with previous years. See "Income" above.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business.*
Sales & Marketing Management, *Survey of Buying Power.*

TABLE 29 – RETAIL TRADE IN THE PORTLAND PMSA ($000)

Year	Portland PMSA	Multnomah County	State of Oregon
1987	$ 8,132,744	$4,448,417	$16,183,394
1988	8,944,810	4,877,758	17,724,240
1989	9,768,019	4,693,774	20,225,882
1990	10,811,738	5,203,048	22,416,935
1991	11,286,876	5,366,436	23,262,179
1992	13,914,356	5,805,218	25,235,324
1993	15,362,788	6,421,562	27,767,436
1994	16,601,340	6,540,724	29,608,571
1995	17,434,431	6,798,613	31,193,459
1996	18,826,688	7,178,011	33,367,278
1997	20,049,925	7,404,016	35,062,003

Source: Sales & Marketing Management, *Survey of Buying Power.*

ECONOMIC DEVELOPMENT

The Portland Metropolitan Area is divided into three main counties. Multnomah County encompasses the cities of Portland, Gresham, Troutdale, Fairview and Wood Village. Washington County contains Beaverton, Tigard, Tualatin and Hillsboro. Clackamas County includes Milwaukie, Oregon City, Lake Oswego, West Linn and other southern areas. As a major transportation hub of the Pacific Coast with water, land and air connections, Multnomah and Washington Counties serve expanding international markets and have experienced considerable growth.

During 1998 in the metro area projects totaling approximately 2.3 million square feet of commercial real estate were constructed following 7 million square feet in 1997. Another 2 million square feet of commercial flex space is presently under construction. The average selling price of a home in metropolitan Portland in 1998 was $181,000 according to the Portland Metropolitan Area Multiple Listing Service.

There are approximately 293 industrial and business parks located in the Portland metropolitan area; 82 of these parks are located within the City of Portland. Major locations of industrial and business parks in the City are the Columbia Corridor along the Columbia River from Hayden Island on the west past the Portland International Airport to the east and along the Willamette River in northwest and north Portland areas.

The Portland metropolitan area is home to the following Fortune 500 Corporations: Fred Meyer Inc. (recently purchased by Kroger Inc.), Intel Corporation, Nike Inc., PacifiCorp and Willamette Industries.

Current activities showing retail, commercial and industrial change in Multnomah County and the Portland-Vancouver Metropolitan Statistical Area are reflected in the following building and economic development projects.

Office and Commercial within Downtown Portland

Total office vacancy rate in the metropolitan area office market is currently estimated at approximately 8.3 percent and the Portland metropolitan industrial vacancy rate at approximately 6.5 percent. Among the largest developments are two new class A office buildings and an addition to the Downtown Retail Core. TMT Development Company began construction in the spring of 1997 on the $90 million 28-story Fox Tower that will have lower level retail space, eight levels of parking, a 10-screen theatre and 18 floors of office space. The ODS Tower, a $45 million, 395,000-square-foot office building is now in the completion stage with space currently available for lease. The expansion at Pioneer Place currently under construction includes a seven-plex theatre at Southwest Fourth Avenue as well as new retail space. The project is expected to be completed and operational by March 2000.

The new $129 million Mark O. Hatfield United States Courthouse, designed to accommodate growth of federal courts through 2020, was completed in late 1997.

Impac Hotel Development opened a 20-story 252-room Marriott Hotel in 1999, adjacent to a recently completed 70,000-square-foot parking and retail project. Westin Hotels and Resorts has completed development of a $25-30 million, 200-room boutique hotel. West Coast Hotels is in process of development of the 162-room, $14 million Paramount Hotel, with completion due in 1999. The old Multnomah Hotel has recently been renovated into a 276-unit Embassy Suites Hotel that opened in fall 1997. ITT Sheraton plans to convert a 13-story building in downtown Portland to a 16-story Sheraton hotel. When completed in 1999, the hotel will be 176,375 square feet, including 266 guestrooms and 5,800 square feet of meeting space. The Hilton Hotel expects to add 321 rooms, meeting space and a fitness center at a location adjacent to the current hotel with an expected completion date of June 2002.

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

The Pearl, Old Town and River Districts

As a result of Urban Growth Boundaries set in 1973 and in an effort to revitalize the urban core, the Portland Development Commission has encouraged many projects in the changing Pearl, Old Town and River Districts.

The Lovejoy Extension Ramp has been demolished to make way for a large series of mixed-use and residential projects. A walkway is being built to connect Old Town with River District. The Tri-Met "Fareless Square" has been expanded to include most of downtown including the Pearl District and part of Northwest Portland and a trolley system, the Central City Street Car project, that spans to N.W. 23rd will connect the downtown with the area. The trolley terminus will be located at

Good Samaritan Hospital and at PSU between SW 10th and 11th. The project will be paid through a combination of local, federal monies, parking revenue and bonds.

In the Pearl District, Gerding/Edlen Development purchased the former Blitz Weinhard Brewery, a five-block complex adjoining Burnside Street for $20 million. The firm expects to redevelop the property into a mixed-use retail, commercial and housing complex. The brewery property is near a building being redeveloped for Wieden & Kennedy in the Pearl District as its international headquarters. Gerding/Edlen Development is redeveloping the Historic Cold Storage building for Wieden & Kennedy. Wieden & Kennedy is an advertising agency which works for Nike, Diet Coke, Alta Vista, Homegrocer.com and others. This $20 million renovation is expected to be complete in 1999. Gerding/Edlen Development also purchased the seven-story Meier & Frank storage building located nearby.

The Port of Portland has several large projects under development. In Old Town is a new administrative office building on NW First Avenue. The building is located on 1.2 acres of land adjacent to the NW Natural building and future Classical Chinese Garden. The seven-story building includes 103,000 square feet of office space, two above-grade parking levels and retail space on the ground level. Cost for the land purchase and improvements totaled more than $20 million.

Groundbreaking occurred on June 7, 1999 for the Classical Chinese Garden that is being built at Northwest Third Avenue and Everett in the City of Portland's Old Town. The project is expected to open in 2000 and will be only the second such garden in North America.

The River District, a 100-acre site squared by Naito Parkway and Freeway 405, the Willamette River and Glisan, was formerly used for railroad and industrial operations. Improvements in the area are expected to cost over $870 million over the next 20 years. Mixed-use projects which will be developed include 5,500 housing units, mostly rentals, and 2 million square feet of commercial space. On 7.5 acres southeast of Union Station, the second phase of a multi-family housing project is nearly complete. GSL Properties has finished more than 158 low-income housing units, and began leasing some of the 392 under development. The project will total 550 housing units when finished and is expected to cost $50 million. The City of Portland expects that $150 million in public funds will be invested in the projects, with over $700 million from private funds. Just north of the Yards at Union Station is the $8 million Food Innovation Center, a joint project of Oregon State University's Agricultural Experiment Station and the Oregon Department of Agriculture. The center is expected to include two buildings: the recently completed two-story, 33,000-square-foot Food Innovation Center and a proposed five-story, 100,000-square-foot Oregon Agricultural Center owned by the H. Naito Corporation.

Hoyt Street Properties (HSP) completed a $31 million project of two six-story mixed use buildings with 10,000 square feet of retail space plus 123 condominium units and 134 parking spaces in fall 1998. Many other Hoyt Street projects are under construction. Eventually HSP Parcels will have 2,000 to 3,000 new condominiums on 34 acres in the District.

North and Northwest Portland

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

Wacker Siltronic Corporation completed a $250 million plant expansion in the summer of 1996. The facility quadrupled the company's capacity to produce silicon wafers. The firm also invested $40 million in upgrading the existing plant. Wacker, which employs about 1,200 workers, received a property tax exemption of approximately $10.8 million over five years, through the City of Portland's enterprise zone program.

Freightliner, the largest heavy-truck builder in North America, is planning a $93 million expansion of its Swan Island complex, including a new 350,000-square-foot corporate headquarters and refurbished assembly lines. Portland's City Council approved a $6.8 million tax break for Freightliner Corp. for the project. The expansion is expected to add approximately 400 new jobs when completed.

Southwest Portland

Hoffman Construction has constructed a new Planning and Permit Center for the City of Portland at 1900 S.W. Fourth Avenue adjoining a two-level Portland State University building. The $28.7 million project accommodates five city bureaus including, planning, buildings, licenses, housing and community development under one roof. The Multnomah County Central Library's $26 million renovation was completed in April 1997. The Portland City Hall recently completed a $28 million renovation. The Multnomah County Library is currently renovating 13 of its branches throughout the county. The renovation plan is expected to cost approximately $24.1 million when completed, will build three new buildings, open two new branches and renovate ten existing branches. All branches will also receive improvements to the telecommunications systems in addition to the 16,000 square feet of space to be added to the county system.

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

Two blocks straddling Southwest Jefferson Street between 10th and 11th avenues are being considered for development efforts that may result in construction starting sometime in 2000. The Portland Development Commission is actively recruiting a development team for the Jefferson block to construct maximum high-density, market-rate condominiums and retail space. Across Jefferson on the Safeway/YWCA block, a superblock is being considered which would consist of two standard city blocks and accommodate a Safeway doubled in size, an expanded YWCA, and add four additional levels of low income housing above the YWCA creating a nine-story building.

The Portland City Council approved a project headed by Portland Family Entertainment (PFE) to renovate Civic Stadium and secure a Triple-A baseball team and an A League soccer team. Under the twenty-year conditional agreement PFE would operate the stadium and the City would contribute approximately 90 percent of the $37 million renovation costs.

The Department of Veterans Affair Medical Center recently completed a new $32 million, 96,000-square-foot expansion of its current Portland facility. The new building is now the largest cancer research facility in the Portland metropolitan area. Oregon Health Sciences University has begun construction on a new neurological sciences center. The project is expected to be complete in 2000.

Eastside Development

Construction was completed in 1995 on the new Rose Garden arena featuring two professional sports teams, the Portland Trail Blazers and the Portland Winterhawks. The arena adjacent to the Memorial Coliseum, and three blocks from the Oregon Convention Center, was developed and financed through a business partnership between the City of Portland and the Oregon Arena Corporation. An eastside river park is currently under development with a 1,200-foot-long floating walkway beneath the Burnside Bridge now complete. When completed in about 2006, the Eastbank Riverfront Park will stretch from the Rose Quarter to OMSI, with links to Tom McCall Waterfront Park, the River District in Northwest Portland, the Oregon Convention Center and trails to Southeast Portland.

The City of Portland announced a $85 million plan to pay for the proposed expansion of the Oregon Convention Center. Funding for an additional 165,000 square feet of new Convention Center space would come from the City, the Metropolitan Exposition-Recreation Commission and a $75 million bond package backed by the City of Portland. Revenues to retire the bonds would be generated over a 20-year period through 2.5 percent increases in lodging and car-rental taxes in Multnomah County. Once the approval process is complete, construction could begin in 2000 and the expanded building completed by the spring of 2002.

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

Multnomah County purchased the former US Bank building located at 501 S.E. Hawthorne for $25 million to house the County's administrative offices. The building was renamed the Multnomah Building. The County expects to invest $5 million in renovation of the facility, to make tenant improvements and to pay for moving costs. The move will consolidate County staff and elected officials currently working in 7 locations throughout the County. County occupancy accomplished through phases is expected to be completed by February 2000.

A $40 million, 17-story, 350,000-square-foot office building called the Liberty Center was completed in late 1997 in the Lloyd Center district. A 600-space parking garage is planned across the street. The $25 million renovation and expansion of the Holiday Inn, near the Oregon Convention Center is now complete. A new Marriott Courtyard has been built several blocks to the north.

Renovation of the Eastport Plaza mall was recently completed; a Wal-Mart store is the anchor store and was completed in the fall of 1997. Century Theaters opened a new 16-screen theater in the Eastport Plaza. Opus Northwest LLC is developing a new industrial park at the former Foster/I-205 drive-in theater. Opus completed construction on the first phase at the end of 1998 with buildings ready for occupancy early in 1999. The 259,000-square-foot $13.2 million project features office, light manufacturing and high-cube distribution space in two buildings. The park is expected to be the future home of employers with 260 to 350 workers.

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

Twin 16-story towers are planned for development south of Holladay Park. The East Tower will have 230,000 square feet of office space and the West Tower will include a seven-story parking structure with 600 parking spaces and 152 housing units above. The project also includes 10,000-square-feet of retail space at street level and a public plaza connecting the two buildings. Construction is expected to begin in the near future on a 29-story, 179-unit condominium building called Cascadia Tower on N.E. Grand Avenue. Cascadia Tower will also include 10,000-square-feet of retail space on Holladay Street.

Center Commons, located in a former ODOT location on NE 60th and Glisan, is a $30 million project that will include a five-story-172-unit senior facility (Center Square), a four-story-60-unit Center Village, a five-story-56-unit market rate Center Station Apartments and a three-story-26-unit station townhouses. Of the 314 residential units, 258 are considered affordable housing. Seventy-five percent of the housing will be affordable to citizens living at 60 percent below the medium income. Completion is expected in fall of 2000.

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

Adidas America Inc. announced in December 1998 that it will move its more than 500 employees from Beaverton to the former Bess Kaiser Medical Center in North Portland. The athletic footwear and apparel maker has agreed to lease the entire 215,000-square-foot building and will soon launch a $25 million renovation of the facility at 5055 N. Greeley Ave. The company began demolition of the structure's interior in 1999 and expects to move in by September 2000. Adidas America, a subsidiary of German-based Adidas Salomon AG, is negotiating with Portland for an "enterprise zone" tax break.

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

The Portland City Council adopted the Lents Town Center Urban Renewal Plan in September 1998. The plan for the southeast Portland area presented by the Portland Development Commission, will cost an estimated $75 million over 15 years and includes neighborhood and commercial revitalization, projected transportation access and flow improvements, development of public parks, plazas, community centers and open space and development of a variety of affordable housing options.

The Columbia Corridor

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

Food processor Pasco Corporation developed a new 63,000-square-foot, $20 million dough factory in the Rivergate area. Oregon Steel Mills, Inc., built a $180 million expansion to double the capacity of its mill in the Rivergate area, in 1996.

In 1997 Spieker Properties completed a third distribution center bringing total square footage to 589,750 for the three centers. Total investment for the centers is more than $15 million. Albertson's Inc. completed addition of 170,000 square feet to its Oregon/Washington distribution center in the summer of 1997. Columbia Sportswear recently completed an addition of 240,000 square feet to its location following the purchase of an adjoining 19.4 acres from the Port of Portland in December of 1997.

The Australian based ANI America expanded two of its subsidiaries, investing a total of $55 million for two plants. The first project for Helser Machine Works, producer of rock-crushing machinery, was completed in March 1998 and consists of a new 70,000-square-foot manufacturing facility. The other subsidiary, Welded Tube Company of America, maker of structural tubing, has since been purchased by LTV Steel. It has completed a 181,000-square-foot manufacturing facility and that became operational in July 1999. Oregon Metal Slitters, Inc., finished building a $7 million, 100,000-square-foot plant that produces flat rolled steel.

Opus Northwest LLC completed construction on a 104,000-square-foot distribution and manufacturing facility in November 1997. Northwest Tire Factory completed a $2.1 expansion of its Rivergate distribution center in October 1997. Portland French Bakery completed construction on a $4 million, 53,000-square-foot bakery in November 1997.

Burlington Northern Santa Fe Railroad (BNSF) recently completed several rail bridges and added 14,000 feet of track costing more than $15 million. The projects done in part with the Port of Portland yield a new entrance from the BNSF and Union

Pacific main line to North and South Rivergate areas. The projects increase flexibility and capacity to Rivergate and Terminal 4.

A $50 million renovation of Jantzen Beach Shopping Center was completed in 1996; the old enclosed mall was replaced by a 730,000-square-foot center housing several major discount retailers. Fulton Provision Co., a wholesaler of meat products, completed construction of a $5 million food processing plant in northeast Portland in April 1997. Contractors Inc. completed a $2.3 million sports complex including five softball fields at East Delta Park in May 1997.

The City of Portland annexed the Airport Way industrial area in the early 1980s and established the Airport Way Urban Renewal Area east of the airport in 1986. The Area includes 2,880 acres close to the airport, freeways, and nearby residential areas. Much of the area surrounding the airport is not zoned for industrial use, making land zoned for industry scarce. Few large tracts of developable industrial land within the metropolitan area remain.

Three projects at the Portland International Airport's AirTrans Center have recently been completed. A $15 million, 130,000-square-foot operations center for Horizon Air Inc.; a 102,000-square-foot cargo building for Federal Express; and a 30,000-square-foot cargo building for Emery Worldwide. The Portland International Center, a business park at the airport, is the new location for three offices of the U.S. Customs Service. Due to heightened activity and congestion in this high traffic area the airlines and cargo carriers serving Portland International Airport have approved a $7.2 million project to construct an engine test/noise reduction enclosure at PDX. The new facility is designed to significantly reduce aircraft noise impacting neighborhoods near PDX. Construction on the enclosure is scheduled to begin in first quarter of 2000.

The $46.5 million Hampton Inn Motel was completed in 1996 near the airport. John James plans to develop a 230,000-square-foot industrial park along Airport Way, and completed a 172-room Embassy Suites hotel on the same property.

Alderwood Corporate Center completed construction of its 314,000-square-foot Phase II project and Phase III which added an additional 300,000 square feet of warehouse space. Equity Development Inc. and P&C Construction Inc. recently completed a $9.5 million Class A office building along Airport Way.

Construction on the $125 million light rail link ("Air Max") to the Portland Airport began early in 1999. Federal approval has been issued for an airline passenger surcharge by airlines located at Portland International Airport for partial funding. Primary funders are the Port of Portland, Tri-Met, the Portland Development Commission and Cascade Station. Cascade Station includes 210 acres of proposed development on Port property south of Airport Way between I-205 and Northeast 82nd Avenue. The company will build hotels, office buildings and a theater complex on 120 acres of the project and initial construction costs estimated at $180 million. A Bechtel subsidiary, Bechtel Infrastructures, will build the entire light-rail line as well as streets in Cascade Station.

Gresham, Troutdale, Fairview & Wood Village

In the high tech arena, LSI Logic, Dupont, and Fujitsu have all begun major projects in the area east of the Portland Airport along I-84. LSI Logic, the largest manufacturer of its kind in the world, chose the City of Gresham as the location for a new microelectronics plant. LSI plans to develop the facilities over a 15-year period and invest more than $4 billion. Phase I was completed in 1998 but will not be fully operational for another year or two depending on market conditions. Fujitsu, owned by Fujitsu Japan, the world's second largest computer manufacturer, has added approximately 500,000 square feet of space to its facilities, at a cost of $1.3 billion, and added 100 employees, bringing employee count up to 571. DuPont is developing a 60,000-square-foot, $75 million facility over the next four years. This new site will produce "Photomasks", high purity quartz plates that contain microscopic images of electronic circuits.

Troutdale is home to the Columbia Gorge Factory Stores, a 42-store factory outlet and retail shopping facility which lies on I-84, the primary east-west route along the Columbia River to Idaho and the Midwest. Columbia Gorge Factory Stores recently added 15,000 square feet of space, which included two large additional stores in the fall of 1998.

Fairview is building a new City Hall at an estimated cost of $3,650,000. The City has doubled its size in recent years and the new public structure is designed to accommodate increased growth during the next 30 years.

Gramor Development Northwest Inc., completed construction on a $16 million, 140,000-square-foot shopping center in Wood Village.

Public Facilities

Sewer

Three sanitary sewer districts and four cities provide sewer service to urban areas, including some unincorporated parts of the County.

Approximately one-third of the 96,200 acres within the City of Portland's Urban Services Boundary and approximately 60 percent of Portland's population is served by combined sanitary and stormwater sewers. During rainstorms the collection system exceeds the capacity of the interceptor system that conveys sewage to the Columbia Boulevard treatment plant, resulting in overflows of untreated sewage directly into the Willamette River and the Columbia Slough. Under an agreement between Portland and the Oregon Department of Environmental Quality, Portland is installing storm sewers throughout Portland to remedy this situation. Costs are estimated at $1 billion to be invested over 20 years, including a $400 million treatment plant to be built near the Willamette River.

Water

Portland's 102-square-mile Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood, is the primary source of water for the Portland metropolitan region. Water is gravity-fed to Portland and surrounding areas through three conduits. These conduits are 25 miles long and have a carrying capacity of 210 million gallons per day. Portland installed a groundwater backup system on the Columbia River south shore. The system pumps groundwater into the Powell Butte reservoir, where it is blended with Bull Run surface water. The well field is designed to supply 90 million gallons per day. Portland's storage reservoir capacity in the Bull Run is 16.8 billion gallons; 10.2 billion is available without filtration. Current usage from the Portland water system averages 95 million gallons a day in the winter (November to June) and 150 million gallons a day during the average peak season summer months (July to October).

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

Fire Protection

Nine fire districts, including city fire departments, provide adequate fire protection in most areas of the County, except in rural areas. A total 462 paid fire fighters serve these districts and departments and approximately 118 volunteer firefighters provide support services.

Police

The Multnomah County Sheriff's Office provides police protection throughout the unincorporated areas of the County. Portland, Gresham and Troutdale city police departments serve those needs within their boundaries; Maywood Park and Wood Village contract with the County Sheriff's office for police coverage. The Portland Bureau of Emergency Communications provides central dispatching for all of the County's emergency services, including rural and urban police and fire, operating with a 911 emergency call system.

EDUCATION

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

Portland State University ("PSU"), one of the three large universities in the Oregon State System of Higher Education, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers baccalaureate and masters degrees in over 32 areas, doctoral degrees in six fields, and certificates in nine areas. Enrollment, as of fall 1999 was 16,041. PSU is noted for the development of programs specifically designed to meet the needs of the urban center. The City has approved PSU's plans for major changes to the campus, creating a 29-block university district, with gateways, more green spaces, a transit plaza, and several new academic and student housing buildings. The first two projects, estimated at $60 million, are under construction and include a 100,000-square-foot academic building that will include retail space and a transit stop; and an elementary school and family facility that is planned jointly with the Portland Public School District. In addition, PSU is studying the design feasibility of several mixed-use projects.

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

Portland is the location of Oregon Health Sciences University ("OHSU"), located on 116 acres in the hills west of downtown. OHSU offers academic programs in dentistry, medicine and nursing, as well as continuing education, child development and rehabilitation, clinical training certificates, internships and fellowships. Combined enrollment, which includes students, resident and fellows in the fall of 1999 was . OHSU not only is dedicated to the education of health professionals, but also is a leader in biomedical research, receiving nearly $100 million in grants for research annually. OHSU is also dedicated to public service and to patient care through the University Hospital, the Oregon Poison Center, the School of Dentistry and the recently constructed Doernbecher Children's Hospital. These facilities, with the University Clinics, the School of Medicine's Specialty Centers and the Child Development and Rehabilitation Center served over 140,000 patients in 1998.

OHSU operates out of 37 major buildings on the Marquam Hill Campus with approximately 4 million square feet of space. The University also operates more than 10 additional primary care and specialty care clinics throughout the area. Several building projects are now underway or have been completed on the campus, including a $29 million Neurosensory Research Center; a $29 million Center for Ambulatory Research and Education; and a $25 million C Wing addition to University Hospital South, completed in early 1996; and a $3 million major utility upgrade at University Hospital South. Two projects recently completed include the new $60 million Doernbecher Children's Hospital, and the relocation of the emergency room, a $5.5 million project.

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

TRANSPORTATION AND DISTRIBUTION

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

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

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

The Port of Portland is a port district encompassing Multnomah, Clackamas and Washington counties. The district provides an extensive array of public facilities including marine terminals and cargo-handling facilities, grain storage and handling facilities, ship dry dock and repair facilities, industrial properties, Portland International Airport and satellite general aviation airports at Troutdale fifteen miles east of Portland, at Hillsboro west of Portland in Washington County, and at Mulino south and east of Portland in Clackamas County. The Port's 982-foot floating dry dock at the Swan Island Ship Repair Yard is the largest in the Americas and the third largest in the world. In 1994, the Port approved a $60 million, ten-year plan to build out Terminal 6, which will expand its capacity to handle container units and larger ships. At present Terminal 6 comprises 122 acres, has three berths with seven gantry cranes, and features uncongested yard space with rail, truck and barge access. In addition, the Port has recently completed a $12 million investment in rail infrastructure improvements made during the past two years.

In tonnage of total waterborne commerce, the Port is currently ranked as the third largest volume port on the West Coast, after Long Beach and Los Angeles. Exports include wheat and barley, potash, beef pulp pellets, baled hay, forest products (logs, lumber, plywood and wood chips), paper and newsprint, scrap metal, soda ash and aluminum products. The Port of Portland is the largest wheat export port in the United States. Imports include cement, ore (limestone, iron ore and alumina), iron and steel products, petroleum products, crude salt, autos and trucks. Total waterborne tonnage moving through the Port increased by 5.6% in 1998, with a total of over 11.3 million short tons of cargo. Approximately 34% of that tonnage was grain. The total revenue generated by waterborne commerce including imports and exports was $12.5 billion in 1998. During 1998, aviation and marine activities generated $156.1 million in operating revenues.

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

Portland International Airport handled 13 million passengers in 1998, a 1.6% increase over 1997; and 267,788 short tons of air cargo in 1998, also an increase of 1.6% over 1997. Nineteen passenger airlines and fourteen cargo airlines operate out of the airport. Major airlines include American, Canadian, Continental, Delta, Northwest, Southwest, TWA, and United; national airlines include Alaska, America West, and Hawaiian; regional airlines include Air BC, Horizon, Harbor Air, Regional, Sky West, Casino Express, Reno Air, and United Express. The airport, one of the fastest growing international airports in the nation, has undergone extensive expansion over the past four years, including construction of $100 million in new terminal facilities which were the first phase of an $800 million plan for ten years of parking, road and terminal improvements. These improvements will include the south terminal expansion project, a 2,700-space addition to the existing parking garage, a new 250-foot air traffic control tower (funded by the FAA), and the widening of the roadway in front of the ticket lobby from four lanes to eight lanes. Toward the end of the ten years, plans call for a second terminal building to be built east of the existing terminal and connected with it by a long concourse, and light rail stations will be added to each terminal building.

Two major railroads -- the Burlington Northern Santa Fe and Union Pacific -- plus the Amtrak passenger train system, serve the City of Portland.

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

The Oregon Department of Transportation is starting a $100 million renovation plan for highways and bridges in the metropolitan area. Major projects include a 26-mile corridor of Interstate 5 between Wilsonville and the Interstate Bridge over four years and painting and rehabilitation of the northbound Interstate 5 bridge over 18 months. Interstates 84 and 205 are scheduled to receive new asphalt surfaces during the next four years. A complete renovation of the Hawthorn Bridge was completed 1999 and other bridges are scheduled for extensive rehabilitation and repair during the next few years including the Ross Island, St. Johns, Oregon City Arch, Interstate and Boones bridges.

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

The Tri-County Metropolitan Transportation District ("Tri-Met"), the regional public transit agency, provides bus service through the region. Tri-Met's light rail system ("MAX") began operation in the fall of 1986 with the opening of the 15-mile line between downtown Portland and the City of Gresham to the east. Construction of a 12-mile, $913-million extension of the light rail line west into Washington County began in May 1993. Completed in 1998, the Westside extension extends the line out to the cities of Beaverton and Hillsboro. This project was funded by federal transportation funds, the Oregon State Lottery, a $125 million bond measure and $21 million pledged by local governments. Construction of an extension of the light rail line to the Portland International Airport has begun.

Planning is underway for a north spur of the light rail system to run along the east side of the Willamette River from the Rose Garden to the Portland Metropolitan Exposition Center. Estimated costs are about $350 million, including $240 million in federal dollars in that corridor. Local sources include $55 million in Metro regional money, $25 million from Tri-Met, and $30 million from the City of Portland. The project would not require an increase in property taxes.

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

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

Portland is Oregon's largest city and the center of business and transportation routes in the state. Therefore, the City and thus Multnomah County accommodates a large share of Oregon's tourist and business visitors. The City is a destination for many tourists who are drawn to its diverse cultural and recreational facilities. These include the Oregon Symphony and associated musical organizations, Portland Civic Theater, Oregon Ballet, Portland Opera, Portland Art Museum, Oregon Historical Society Museum, Children's Museum, Oregon Museum of Science and Industry, Western Forestry Center, Japanese Gardens, International Rose Test Gardens, and the Oregon Zoo and Zoological Gardens. The metropolitan area includes more than 40 other local theater and performance art companies and ten additional gardens of special interest. Portland is the home of Forest Park, the largest urban park in the United States with a total of more than 5,000 acres.

Professional sports teams, the Portland Trail Blazers basketball team and the Portland Winterhawks hockey team, play at the recently constructed Rose Garden Arena complex and the Memorial Coliseum. The City has been awarded a conditional Women's National Basketball franchise (WNBA) with play expected to begin in June 2000. Portland is also home to the Portland Forest Dragons arena football team and the Portland Pythons indoor soccer team. The City has recently adopted a $37 million plan to renovate Civic Stadium and entered into a conditional agreement with Portland Family Entertainment to operate the facility. The stadium is an active venue for minor league baseball, an expected A League soccer franchise, concerts and other large community events.

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

The Oregon Convention Center, completed in 1990 on the east side of the Willamette River across from the downtown area, includes 500,000 square feet of exhibit hall, meeting room, and ballroom space. According to the Portland Oregon Visitor's Association (POVA), an estimated 265,541 convention delegates visited the City in 1998, attending meetings and exhibits in the Oregon Convention Center and other facilities. These visitors represented expenditures of approximately $165 million in the metropolitan area. The Memorial Coliseum is another center for conventions, expositions and sports events.

POVA lists approximately 80 hotels and motels within the City, with a total of 10,689 units. Another 75 hotels and motels are located in the metropolitan area including Vancouver and Clark County, with a total of 6,824 units. Occupancy rates ran at 72.7% for 1997, the most recent year for which statistics are available, compared with a national average of 73.6%. Developers are in process of building an additional 1,105 rooms in the City. These construction activities include several large projects in the downtown and airport areas. (See Economic Development herein.)

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

Natural Resources

Mineral and aggregate deposits in the County include stone, crushed rock, sand and gravel. The metropolitan area is Oregon's leading producer and consumer of these resources. However, if demand for mineral and aggregate remains roughly the same, existing sites will be depleted by the year 2015, according to the Comprehensive Plan.

About half of the commercial timber lands in the County are in the Mt. Hood National Forest; the other half of the timber land is in the northwest part of the County and in the area between the Sandy River and the National Forest boundary. Multnomah County has approximately 0.7 percent of the state's commercial timber. Lumber and wood products employment accounted for less 1 percent of all employment in the PMSA in 1998.

Agriculture

Agriculture is Oregon's second largest industry and is still an important factor in the County's economy, although croplands have been lost to urban uses as the metropolitan area expanded. Major crops include small fruits and berries, nursery stock, fresh market produce and processing vegetables, grains and hay. A number of large wholesale nurseries located in the area serve national markets.

TABLE 30 -- GROSS FARM SALES IN MULTNOMAH COUNTY ($000)

Year	Multnomah County Crops	Multnomah County Livestock/ Products	Multnomah County Total	State of Oregon Crops	State of Oregon Livestock/ Products	State of Oregon Total
1993	$53,406	$2,051	$55,457	$2,165,369	$790,436	$2,955,805
1994	52,638	1,914	54,552	2,240,561	757,278	2,997,839
1995	53,680	1,793	55,473	2,413,268	727,801	3,141,069
1996	46,254	1,624	47,878	2,446,922	650,397	3,097,319
1997	56,421	1,450	57,871	2,589,110	717,896	3,307,006
1998*	56,254	1,879	58,133	2,407,986	798,240	3,206,226

* Preliminary. Revised figures for 1998 are not yet available.

Source: Extension Economic Information Office, Oregon State University.

Housing

According to the U.S. Census, there were 245,970 housing units in Multnomah County in 1980 and 242,140 units in 1990. In 1980, 53.7 percent of housing was owner occupied, and in 1990, that number had increased to 55.3 percent.

TABLE 31 -- BUILDING ACTIVITY IN THE COUNTY

Year	Permits for Residential Units: Single Family	Permits for Residential Units: Multi-Family	Costs of Construction & Alteration: Residential ($000)	Costs of Construction & Alteration: Non-Residential ($000)
1988	973	381	123,012	281,379
1989	1,137	1,189	167,368	272,724
1990	1,259	1,342	188,219	359,452
1991	1,345	731	208,193	240,363
1992	1,478	821	210,327	266,282
1993	1,535	730	254,669	211,211
1994	1,607	884	235,703	414,597
1995	868	554	128,981	323,947
1996	1,849	3,062	348,513	NA*
1997	1,669	2,662	350,666	NA*
1998	1,679	2,325	353,060	NA*

* Nonresidential building data is no longer available from Portland State University.

Sources: 1988-1993 -- Oregon Housing and Community Services Department.
1994-1998 -- County data from the Center for Population Research & Census, Portland State University.

Information Sources

Historical data been collected from generally accepted standard sources, usually from public bodies. In Oregon, data are frequently available for counties and also, to a lesser degree, for cities. This statement presents data for Multnomah County and for the Portland Metropolitan Statistical Area.

THE INITIATIVE PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the state the initiative and referendum power, pursuant to which measures designed to amend the state Constitution or enact legislation can be placed on the statewide general election ballot for consideration by the voters. "Referendum" generally means measures referred to the electors by a legislative body such as the State Legislative Assembly or the governing body of a district, city, county or other political subdivision. "Initiative" generally means a measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State's office. The Oregon Attorney General is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petitioners, the proponents of the initiative may start gathering the initiative petition signatures necessary to place the proposed initiative on the ballot. To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a number of qualified voters equal to a percentage of the total number of votes cast for all candidates for governor at a gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 1998 general election, the requirements were eight percent (97,681 signatures) for a constitutional measure and six percent (73,261 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

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

RECENT INITIATIVE ACTIVITY

Over the past decade, Oregon has witnessed increasing activity in the number of initiative petitions that have qualified for the statewide general election. According to the Elections Division of the Oregon Secretary of State, the number of initiative petitions that have qualified for the ballot and the number that have passed in the general elections in recent years are as follows:

Year of General Election	Number of Initiatives Placed on Ballot	Number of Initiatives that Passed
1988	5	3
1990	8	3
1992	7	0
1994	16	9
1996	16	4
1998	10	6

FUTURE INITIATIVE MEASURES

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

TAX MATTERS

General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds. It is based in part on an opinion of Ater Wynne LLP, Bond Counsel, and on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published revenue rulings and court decisions currently in effect, all of which are subject to change. Because the federal income tax rules relating to the purchase, ownership and disposition of taxable obligations such as the Bonds are complex and are subject to modification, investors should consult their own tax advisors before determining whether to purchase Bonds.

The following discussion is applicable to investors other than those investors who are subject to special provisions of the Code, such as life insurance companies, tax-exempt organizations, foreign taxpayers and taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code. This summary is further limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. **INVESTORS WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS IN THEIR PARTICULAR CIRCUMSTANCES BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.**

Periodic Interest Payments

On the date of issue, Ater Wynne LLP, Bond Counsel, will render an opinion that the Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Bonds will be included in "gross income" within the meaning of section 61 of the Code of the owners thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to the owner thereof.

Disposition of the Bonds

An owner will recognize gain or loss on the redemption, sale or exchange of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Bond. Generally, the owner's tax basis in a Bond not purchased at a premium or discount will be the owner's initial cost. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Bond has been held for more than one year.

Under current law, purchasers of the Bonds who do not purchase the Bonds in the initial public offering at the initial public offering price (a "subsequent purchaser") will generally be required, on the disposition of a Bond, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount". Market discount is the amount by which the price paid for a Bond by a subsequent purchaser is less than the Bond's "stated redemption price at maturity" (or, in the case of a Bond issued at an original issue discount, if any, the Bond's "revised issue price"). In such instances, section 1277 of the Code also may apply so as to defer the deductibility of all or a portion of the interest incurred by a subsequent purchaser with respect to amounts borrowed to acquire a Bond with market discount.

Required Reporting to the Internal Revenue Service

Subject to certain exceptions, interest payments made to the owners with respect to the Bonds will be reported to the Internal Revenue Service. Such information will be filed each year with the Internal Revenue Service on Form 1099 which will reflect the name, address and taxpayer identification number of the registered owner. A copy of Form 1099 will be sent to each registered owner of a Bond for federal income tax reporting purposes.

Other Federal Income Tax Consequences

The Code requires debt obligations, such as the Bonds, to be issued in registered form and denies certain tax benefits to the issuer and the holders of obligations failing this requirement. The County shall issue the Bonds in registered form.

Interest paid to an owner of a Bond ordinarily will not be subject to withholding of federal income tax if such owner is a United States person. A United States person, however, will be subject to withholding of such tax at a rate of 31% under certain circumstances. This withholding generally applies if the owner of a Bond (i) fails to furnish to the issuer such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the issuer an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the issuer or such owner's broker with a certified statement, signed under penalty or perjury, that the TIN provided to the issuer is correct and that such owner is not subject to backup withholding.

State Taxation

Interest on the Bonds is exempt from present personal income taxation by the State of Oregon.

State And Local Taxes And Foreign Persons

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Defeasance of Bonds

The Resolution provides that the County shall be obligated to pay any Bonds which are defeased solely from the money and Government Obligations which are deposited with an escrow agent pursuant to the Resolution. The Bonds shall be deemed defeased if the County:

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

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

Holders of the Bonds should be aware that the deposit by the County of monies or Government Obligations with an escrow agent to defease a Bond (or Bonds) pursuant to the terms of the Bond could result in the recognition by the holder of such Bond (or Bonds) of taxable income (or loss), without any corresponding receipt of monies by the holder. In addition, for federal income tax purposes, the character and time of receipt of payments on the Bonds subsequent to any such defeasance also could be affected. Holders are advised to consult with their own tax advisors with respect to the tax consequences resulting from such events.

ORIGINAL ISSUE DISCOUNT

As set forth inside the cover page of this Official Statement, the Deferred Interest Bonds will be issued at a price that is less than their stated redemption price ("Discount Bonds"). This discussion relates to owners who acquire such Discount Bonds in their initial offering at their initial offering price

The difference between the stated redemption price of a Discount Bond and its initial offering price constitute "original issue discount" within the meaning of Section 1273 of the Code. Under Section 1272 of the Code, such original issue discount will accrue actuarially over the term of the Discount Bond at a constant interest rate basis, and the gross income of owners of Discount Bonds will include, as ordinary income, during each year of their holding period, the amount of such discount that has accrued during the portion of the taxable year in which they held the Discount Bond. Thus, owners of Discount Bonds will be required to include accrued original issue discount in gross income in advance of the receipt of such income and may be taxed on such income despite not having yet received the allocable cash. The tax basis of a Discount Bond will be increased by the amount of such accrued discount.

The Paying Agent/Registrar, on behalf of the County, will report annually to the owners of each Discount Bond and to the Internal Revenue Service the amount of original discount that has accrued on such Discount Bond during the year.

If a Discount Bond is sold or retired, the seller will generally recognize gain or loss equal to the difference between the amount realized on the sale or retirement and his adjusted basis in the Discount Bond.

ERISA CONSIDERATIONS

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

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

The fiduciary of the Plan that proposes to purchase and hold any Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person and (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any Plan assets. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Bonds on behalf of a Plan, Prohibited Transaction Class Exemption ("PTCE") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code.

By its acceptance of a Bond, each Purchaser will be deemed to have represented and warranted that either (i) no Plan assets have been used to purchase such Bond, or (ii) the County is not a party in interest with respect to any Plan assets used to purchase such Bond, or (iii) the purchase and holding of such Bond is exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to an administrative class exemption.

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

RATING AND INSURANCE

Moody's Investors Service, Inc. ("Moody's") has assigned an Aaa rating to the bonds maturing in the years 2002 through 2016 and 2020 through 2030, with the understanding that, upon delivery of the Bonds, a policy insuring the payment when due of the principal and interest on those bonds will be delivered by MBIA Insurance Corporation.

The Term Bond maturing in 2019 is not insured, and is rated Aa2 by Moody's.

An explanation of the significance of such ratings may be obtained only from the agency. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the agency, if in its judgment circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

There is no litigation pending or threatened against the County that would affect the validity of the Bonds. There is no litigation pending or threatened against the County that would impair the County's ability to make principal and interest payments on the Bonds when due, nor which would materially and adversely affect the financial condition of the County.

UNDERWRITING

All of the Bonds are to be purchased by the Underwriters from the County at an aggregate purchase price of $183,412,488.31 (the principal amount of the Bonds less an underwriters' discount of $1,135,671.84), plus accrued interest thereon from the date of the Bonds to the date of the delivery. After the initial public offering, the public offering prices may be varied from time to time by the Underwriters.

LEGAL MATTERS

Ater Wynne LLP, Oregon, Bond Counsel to the County, will render an opinion with respect to the validity of and tax status with respect to the Bonds. The form of opinion of Bond Counsel to be rendered in connection with the issuance of the Bonds is set forth in Appendix E hereto. Certain legal matters will be passed on for the Underwriters by Preston Gates & Ellis LLP, Portland, Oregon. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the Bonds, the Resolution and the authority to issue the Bonds, and the treatment of the Bonds under federal and state tax laws is accurate. All other representations of law and factual statements contained in this Official Statement, including but not limited to all financial and statistical information and representations contained herein, have not been reviewed or approved by Bond Counsel.

YEAR 2000 COMPLIANCE

In Fiscal Year 1996-97 the County established a Year 2000 Project Office with oversight responsibility for Year 2000 compliance activity. The areas of responsibility include: assessment and remediation of legacy/centralized systems, assessment and remediation of non-information technology embedded microprocessor systems, internal and external information technology interfaces, contingency planning, public awareness, legal and risk management issues, oversight of assessment, and prioritization and remediation of County departments' decentralized information technology systems. In Fiscal Year 1997-98 the County budgeted $4.3 million to assess and remediate central/legacy systems. Individual departments included funds in their respective department budgets to address each individual department's Year 2000 compliance issues.

The County retained COMSYS Technical Services, Inc. to assess and remediate the centralized information technology systems residing on the County's enterprise server. The County has also been working with departments, suppliers, external business partners and customers to assess and remediate all non-compliant mission critical information technology and non-information technology applications.

As of October 31, 1999, the County has accomplished the following Year 2000 activities. The County adopted a Year 2000 acquisition and contracting policy requiring that all information, technology, and non-technology equipment, software, etc. be year 2000 compliant. The policy includes boilerplate language to be included in County contracts or intergovernmental agreements requiring parties doing business with the County to provide services, data and/or goods that meet the definition of Year 2000 compliant. The County adopted a certification policy requiring all County Departments to report progress made on Year 2000 departmental projects to the Year 2000 Project Office. The County inventoried and assessed all legacy/central systems and client server applications, 75% of all personal computers, all phone systems, LAN's and WAN's, and 25% of all non-information technology systems. The County has inventoried and evaluated 25% of the County's supply chain, formed partnerships with certain external partners to test Year 2000 technology interfaces and briefed the Board of County Commissioners and upper level management regularly on status of Year 2000 progress.

Three major mission-critical systems that the County relies on are the property tax assessment and collection system, accounting system and payroll system. The status of these three systems is as follows: the County has installed a Year 2000 compliant property tax system, installed a Year 2000 compliant upgraded version of its accounting system that is now compliant and has installed a Year 2000 compliant upgraded version of its payroll system. The County has completed its Year 2000 project and has a contingency plan developed in the event the County discovers that other mission critical systems are not Year 2000 compliant by December 31, 1999.

Based on reviews, inquiry and remediation activities thus far, the County does not believe the Year 2000 problem will result in a material adverse change in its business condition (financial or otherwise), operations, properties, or prospects, or ability to meet its financial obligations, including repayment of the principal and interest on the Bonds when due. It should be noted, however that as the County continues its investigation of and corrections to systems, equipment, and processes, other issues may be discovered, or the status of current issues may change.

Nevertheless, the County has no control over the Year 2000 remediation efforts of external third parties. It is possible, therefore, that even if the County were fully Year 2000 ready, and even if the County were to pay all of its financial obligations on time, the non-compliance of external third parties involved in the transfer of interest and principal payments (such as brokerage firms, trustees and book-entry-only facilitators) could adversely affect the timeliness and/or the amount of payments to the ultimate recipients. See "BOOK-ENTRY-ONLY SYSTEM" in Appendix D.

The U. S. Bank Trust National Association is the County's current Paying Agent on the Bonds. U.S. Bank has informed the County that it has allocated financial, technical and staffing resources to the Year 2000 problem and is on schedule for Year 2000 compliance, with evaluation, replacement and renovation of critical systems virtually complete. U.S. Bank is currently working with DTC to validate and demonstrate Year 2000 compliance, and with its critical vendors and service providers to assess their Year 2000 readiness. U.S. Bank has developed contingency plans and business continuation plans to deal with the remote possibility that significant operational problems may arise.

The latest information about U.S. Bancorp's Year 2000 project can be obtained from its Web site, <u>http://www.usbank.com</u>.

CONTINUING DISCLOSURE UNDERTAKING

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the County, as the "obligated person" within the meaning of the Rule, has agreed, in the Resolution, to execute and deliver a Continuing Disclosure Certificate, substantially in the form attached hereto as Appendix F for the benefit of the Bond owners. The County previously has executed and delivered Continuing Disclosure Certificates with respect to debt issues for which the County is the "obligated person" as defined in the Rule and has not failed to comply with any prior such Continuing Disclosure Certificates.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Bonds, the Authorized Representative of the County will deliver a certificate addressed to the Underwriters to the effect that he has examined this Official Statement and the financial and other data concerning the County contained herein and that, to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of the delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the County except as set forth in the Official Statement or an amendment thereto.

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All quotations from and summaries and explanations of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions. Information with respect to the County herein has been supplied by the County, and the Underwriters have relied on the accuracy and completeness of such information.

The information set forth herein should not be construed as representing all conditions affecting the County or the Bonds. Additional information may be obtained from the County. Statements relating to other documents are qualified in their entirety by reference to the provisions of such documents in their complete form.

The Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County, or its agencies and authorities, since the date hereof.

CONCLUDING STATEMENT

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

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

MULTNOMAH COUNTY

By: /s/ David Boyer
Authorized Representative

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APPENDIX A
RESOLUTION NO. 99-218

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BEFORE THE BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON
RESOLUTION NO. _____

Authorizing Issuance of Revenue Bonds.

The Board of County Commissioners finds:

a. The County passed Resolution No. 99-176 on September 9, 1999, authorizing the issuance of up to $200,000,000 of bonds under the Uniform Revenue Bond Act to finance the estimated unfunded accrued actuarial liability of the County to the Oregon Public Employees Retirement System. Notice of the authorization was published as required by Oregon's Uniform Revenue Bond Act (ORS 288.805 to 288.945).

b. The Uniform Revenue Bond Act permits the County to issue the bonds unless, within 60 days after the notice is published, five percent or more of the County's electors file a petition to refer the question of issuing the bonds to the County's voters. The sixty day referendum period expires November 15, 1999. If the County has not received petitions to refer the revenue bonds described in that notice to a vote of the people by such date, the County is hereby authorized to issue the bonds described in Resolution No. 99-176.

c. Senate Bill 198-B, effective October 23, 1999, authorizes the County to pledge taxes that the County may levy within the limitations of sections 11 and 11b, Article XI of the Oregon Constitution not subject to annual appropriation. Provided, however, that the County shall not have at any one time outstanding limited tax bonded indebtedness in a principal amount that exceeds one percent of the real market value of all taxable property within the County, computed in accordance with ORS 308.207, after deducting from the outstanding principal amount of such indebtedness the total amount of cash funds and sinking funds that are available for payment of principal.

d. The County passes this resolution to establish the terms under which it will issue up to $200,000,000 of its Limited Tax Pension Obligation Revenue Bonds pursuant to Resolution No. 99-176 which amount together with any outstanding limited tax bonded indebtedness does not exceed the limitation set forth above.

The Board Resolves:

Section 1. Definitions. Unless the context clearly requires otherwise, the following terms shall have the following meanings:

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

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

"Bonds" means the series of the County's Limited Tax Pension Obligation Revenue Bonds which are authorized by Section 9.a of this Resolution.

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

"County" means Multnomah County, Oregon.

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

"Event of Default" refers to an Event of Default listed in Section 5.a of this Resolution.

"Finance Director" means the Finance Director of the County or the person designated by the Finance Director.

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

"Outstanding" refers to all Bonds except Bonds which have been paid, canceled, or defeased pursuant to Section 7.a. of this Resolution, and Bonds which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to the Paying Agent.

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

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

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

"Pension Liability" means the estimated unfunded accrued actuarial liability of the County to the Oregon Public Employees Retirement System and costs related to financing and paying that liability, including capitalized interest.

"Qualified Consultant" means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the verification of defeasance escrows.

"Resolution" means this resolution, including any changes made by Supplemental Resolutions.

"Supplemental Resolution" means any resolution amending or supplementing the Resolution, which is passed in accordance with Section 4.a.

Section 2. Security for Bonds.

a. The County hereby pledges its full faith and credit to pay the Bonds. The Bonds shall be limited tax revenue bonds of the County, and the County shall pay the Bonds from its Available General Funds. The County is not authorized to levy additional taxes to pay the Bonds.

b. The County covenants that it shall promptly cause all Bond principal, premium, if any, and interest to be paid as they become due in accordance with the Bonds and this Resolution.

c. This Resolution shall constitute a contract with the Owners of the Bonds.

Section 3. Additional Bonds.

The County reserves the right, without limitation, to issue additional bonds which are secured by the County's full faith and credit, and which are payable from its Available General Funds.

Section 4. Amendment of Resolution.

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

(i) To cure any ambiguity or formal defect or omission in this Resolution;

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

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

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

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

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

(ii) Reduces the percent of Owners required to approve Supplemental Resolutions.

Section 5. Default and Remedies.

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

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

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

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

b. The Owners of ten percent or more of the principal amount of Bonds then Outstanding may, on behalf of all Owners, waive any Event of Default and its consequences except an Event of Default described in Section 5.a(i).

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

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

Section 6. Ownership of Bonds.

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

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

Section 7. Defeasance.

The County shall be obligated to pay any Bonds which are defeased in accordance with this Section 7 solely from the money and Government Obligations which are deposited in escrow agent pursuant to this Section 7. Bonds shall be deemed defeased if the County:

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

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

Section 8. Rules of Construction.

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

a. References to section numbers shall be construed as references to sections of this Resolution.

b. References to one gender shall include all genders.

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

Section 9. The Bonds.

a. Authorization. Subject to the referendum period expiring, the County hereby authorizes the sale and delivery of the Bonds in accordance with this Resolution to finance the Pension Liability. The aggregate principal amount of the Bonds shall not exceed Two Hundred Million Dollars ($200,000,000), and the Bonds shall mature over a period of not more than 31 years.

b. Delegation. The Finance Director may, on behalf of the County:

(i) participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Bonds;

(ii) provide that the Bonds may be issued in one or more series, may bear interest at a fixed rate or variable rates, and may pay deferred interest;

(iii) establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the Bonds;

(iv) select one or more underwriters and negotiate the sale of the Bonds with those underwriters;

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

(vi) apply for and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;

(vii) enter into agreements with bond trustees, remarketing agents and other professionals and service providers;

(viii) obtain a letter of credit or other liquidity facilities for the Bonds, agree to pay the provider of the facility its fees, charges and interest on any draws on the facilities, and pledge the County's full faith and credit to such payments; and

(ix) execute any documents and take any other action in connection with the Bonds which the Finance Director finds will be advantageous to the County.

c. Form. The Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the Finance Director. The Bonds shall be executed on behalf of the County with the facsimile signatures of the Chair and County Clerk.

d. The Bonds may bear interest which is includable in gross income under the Internal Revenue Code of 1986, as amended.

e. Book Entry System for Bonds. The Bonds shall be initially issued in BEO form and shall be governed by this Section 9.e. While Bonds are in BEO form no physical Bonds shall be provided to Owners. The Finance Director has executed and delivered a Blanket Issuer's Letter of Representations to DTC. While the Bonds are in BEO form, registration and transfer of beneficial interests in the Bonds shall be governed by that letter and the Operational Arrangements of DTC, as they may be amended from time to time, as provided in the blanket issuer letter of representations. So long as Bonds are in BEO form:

(i) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Letter of Representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of Bonds or of any other action premised on such notice.

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

(iii) If the County discontinues maintaining the Bonds in book-entry only form, the County shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 9.g, regarding registration, transfer and exchange of Bonds shall apply.

(iv) While the Bonds are in BEO form, the County and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

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

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

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

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

(v) The County shall pay or cause to be paid all principal, premium and interest on the Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid.

(vi) The provisions of this Section 9.e may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for bonds issued in book-entry only form.

f. Redemption of Bonds.

(i) The Bonds shall be subject to redemption on the terms established by Finance Director. The County reserves the right to purchase Bonds in the open market.

(ii) If any Bonds are subject to mandatory redemption, the County may credit against the mandatory redemption requirement any Bonds of the same maturity which the County has previously purchased or which the County has previously redeemed pursuant to any optional redemption provision.

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

(iv) During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the County by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. The County shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date (unless the Paying Agent consents to a shorter period). All such official notices of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

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

(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

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

g. Authentication, Registration and Transfer.

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

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

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

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

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

(1) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and

(2) the Bonds to be exchanged or transferred.

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

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

(viii) For purposes of this Section 9.g, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 9.g, above.

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

Section 10. Continuing Disclosure. The County shall undertake in a Continuing Disclosure Certificate for the benefit of registered owners and beneficial owners of the Bonds to provide to each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs"), and if and when one is established, the State Information Depository ("SID"), on an annual basis on or before 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2000, the information required pursuant to paragraph (b)(5)(i)(A)(B) and (D) of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12 (the "Rule"). In addition, the County will undertake for the benefit of the registered owners and beneficial owners to provide in a timely manner to the NRMSIRs or to the Municipal Securities Rulemaking Board ("MSRB") notices of certain material events required to be delivered pursuant to paragraph (b)(5)(i)(C) of the Rule.

Section 11. Defeasance. The County may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to this Section shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution except the right to receive payment from such special escrow account.

Section 12. Establishment of Debt Service Account. The County shall maintain a Debt Service Account for the payment of principal, premium, if any, and interest on the Bonds as they become due. Available General Funds and all accrued interest, if any, available for the payment of the Bonds shall be deposited in the Debt Service Account.

ADOPTED this 4th day of November, 1999.

BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By:________________________________
Beverly Stein, Chair

REVIEWED:

THOMAS SPONSLER, COUNTY COUNSEL
FOR MULTNOMAH COUNTY, OREGON

By:________________________________
Thomas Sponsler, County Counsel

Exhibit A
Form of Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

United States of America
State of Oregon

Multnomah County, Oregon
Limited Tax Pension Obligation Revenue Bond
1999 Series __

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

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

This Bond is one of a duly authorized series of bonds of the County aggregating $200,000,000 in principal amount designated as Limited Tax Pension Obligation Revenue Bonds, 1999 Series __ (the "Bonds"). The Bonds are issued for the purpose of financing the estimated unfunded actuarial liability of the County to the Oregon Public Employees Retirement System and paying related costs. The Bonds are authorized by Resolution No. 99-176 adopted by the Board of County Commissioners of the County on September 9, 1999 and issued under Resolution No. 99-___ adopted by the Board of County Commissioners of the County on November 4, 1999 (collectively, the "Resolution") and the Oregon Uniform Revenue Bond Act, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the County.

The Bonds constitute valid and legally binding obligations of the County. The full faith and credit of the County are pledged for the punctual payment of the principal of and interest on the Bonds. The County has covenanted to pay the Bonds from its "Available General Funds" as defined in the Resolution. The County is not authorized to levy any additional taxes to pay the Bonds. The Bonds do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County.

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

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

The Bonds shall mature and be subject to redemption [insert redemption language].

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

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

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

IN WITNESS WHEREOF, the Board of Multnomah County, Oregon, has caused this Bond to be signed by facsimile signature of its Chair and countersigned by facsimile signature of its County Clerk, and has caused a facsimile of the corporate seal of the County to be imprinted hereon, all as of the date first above written.

BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON

By:______________________________
Beverly Stein, Chair

By:______________________________
Deborah Bogstad, County Clerk

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of $_____ aggregate principal amount of Multnomah County, Oregon Limited Tax Pension Obligation Revenue Bonds, 1999 Series __ issued pursuant to the Resolution described herein.
Date of Authentication: ______.
__________________________, as Registrar

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____________ _______

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

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

Dated:______________________________

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

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

Signature Guaranteed

______________________________(Ban
k, Trust Company or Brokerage Firm)

______________________________Auth
orized Officer

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

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship
and not as tenants in common
OREGON CUSTODIANS use the following

________________ CUST UL OREG ________________ MIN
as custodian for (name of minor)
OR UNIF TRANS MIN ACT
under the Oregon Uniform Transfer to Minors Act

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

APPENDIX B

ACCRETED VALUE TABLE

Maturity Date	June 1,2013	June 1, 2014	June 1, 2015	June 1, 2016	June 1, 2020	June 1, 2021	June1, 2022
Approximate Yield to Maturity	7.72%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%
12/8/1999	1,800.95	1,664.90	1,543.15	1,430.30	1,055.60	978.40	906.85
6/1/2000	1,867.70	1,726.80	1,600.50	1,483.45	1,094.85	1,014.80	940.55
12/1/2000	1,939.80	1,793.60	1,662.45	1,540.90	1,137.20	1,054.05	976.95
6/1/2001	2,014.65	1,863.05	1,726.80	1,600.50	1,181.25	1,094.85	1,014.80
12/1/2001	2,092.45	1,935.15	1,793.60	1,662.45	1,226.95	1,137.20	1,054.05
6/1/2002	2,173.20	2,010.00	1,863.05	1,726.80	1,274.45	1,181.25	1,094.85
12/1/2002	2,257.10	2,087.80	1,935.15	1,793.60	1,323.75	1,226.95	1,137.20
6/1/2003	2,344.20	2,168.60	2,010.00	1,863.05	1,375.00	1,274.45	1,181.25
12/1/2003	2,434.70	2,252.55	2,087.80	1,935.15	1,428.20	1,323.75	1,226.95
6/1/2004	2,528.70	2,339.70	2,168.60	2,010.00	1,483.45	1,375.00	1,274.45
12/1/2004	2,626.30	2,430.25	2,252.55	2,087.80	1,540.90	1,428.20	1,323.75
6/1/2005	2,727.70	2,524.30	2,339.70	2,168.60	1,600.50	1,483.45	1,375.00
12/1/2005	2,832.95	2,622.00	2,430.25	2,252.55	1,662.45	1,540.90	1,428.20
6/1/2006	2,942.30	2,723.50	2,524.30	2,339.70	1,726.80	1,600.50	1,483.45
12/1/2006	3,055.90	2,828.90	2,622.00	2,430.25	1,793.60	1,662.45	1,540.90
6/1/2007	3,173.85	2,938.35	2,723.50	2,524.30	1,863.05	1,726.80	1,600.50
12/1/2007	3,296.35	3,052.05	2,828.90	2,622.00	1,935.15	1,793.60	1,662.45
6/1/2008	3,423.60	3,170.20	2,938.35	2,723.50	2,010.00	1,863.05	1,726.80
12/1/2008	3,555.75	3,292.90	3,052.05	2,828.90	2,087.80	1,935.15	1,793.60
6/1/2009	3,693.00	3,420.30	3,170.20	2,938.35	2,168.60	2,010.00	1,863.05
12/1/2009	3,835.55	3,552.70	3,292.90	3,052.05	2,252.55	2,087.80	1,935.15
6/1/2010	3,983.60	3,690.15	3,420.30	3,170.20	2,339.70	2,168.60	2,010.00
12/1/2010	4,137.40	3,833.00	3,552.70	3,292.90	2,430.25	2,252.55	2,087.80
6/1/2011	4,297.10	3,981.30	3,690.15	3,420.30	2,524.30	2,339.70	2,168.60
12/1/2011	4,462.95	4,135.40	3,833.00	3,552.70	2,622.00	2,430.25	2,252.55
6/1/2012	4,635.25	4,295.45	3,981.30	3,690.15	2,723.50	2,524.30	2,339.70
12/1/2012	4,814.15	4,461.65	4,135.40	3,833.00	2,828.90	2,622.00	2,430.25
6/1/2013	5,000.00	4,634.35	4,295.45	3,981.30	2,938.35	2,723.50	2,524.30
12/1/2013		4,813.70	4,461.65	4,135.40	3,052.05	2,828.90	2,622.00
6/1/2014		5,000.00	4,634.35	4,295.45	3,170.20	2,938.35	2,723.50
12/1/2014			4,813.70	4,461.65	3,292.90	3,052.05	2,828.90
6/1/2015			5,000.00	4,634.35	3,420.30	3,170.20	2,938.35
12/1/2015				4,813.70	3,552.70	3,292.90	3,052.05
6/1/2016				5,000.00	3,690.15	3,420.30	3,170.20
12/1/2016					3,833.00	3,552.70	3,292.90
6/1/2017					3,981.30	3,690.15	3,420.30
12/1/2017					4,135.40	3,833.00	3,552.70
6/1/2018					4,295.45	3,981.30	3,690.15
12/1/2018					4,461.65	4,135.40	3,833.00
6/1/2019					4,634.35	4,295.45	3,981.30
12/1/2019					4,813.70	4,461.65	4,135.40
6/1/2020					5,000.00	4,634.35	4,295.45
12/1/2020						4,813.70	4,461.65
6/1/2021						5,000.00	4,634.35
12/1/2021							4,813.70
6/1/2022							5,000.00
12/1/2022							
6/1/2023							
12/1/2023							
6/1/2024							
12/1/2024							
6/1/2025							
12/1/2025							
6/1/2026							
12/1/2026							
6/1/2027							
12/1/2027							
6/1/2028							
12/1/2028							
6/1/2029							
12/1/2029							
6/1/2030							

ACCRETED VALUE TABLE CONTINUED

Maturity Date	June 1,2023	June 1, 2024	June 1, 2025	June 1, 2026	June 1, 2027	June 1, 2028	June1, 2029	June1, 2030
Approximate Yield to Maturity	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%
12/8/1999	840.55	779.10	722.10	669.30	620.35	575.00	532.95	493.95
6/1/2000	871.80	808.05	748.95	694.15	643.40	596.35	552.75	512.30
12/1/2000	905.55	839.30	777.95	721.05	668.30	619.45	574.15	532.15
6/1/2001	940.55	871.80	808.05	748.95	694.15	643.40	596.35	552.75
12/1/2001	976.95	905.55	839.30	777.95	721.05	668.30	619.45	574.15
6/1/2002	1,014.80	940.55	871.80	808.05	748.95	694.15	643.40	596.35
12/1/2002	1,054.05	976.95	905.55	839.30	777.95	721.05	668.30	619.45
6/1/2003	1,094.85	1,014.80	940.55	871.80	808.05	748.95	694.15	643.40
12/1/2003	1,137.20	1,054.05	976.95	905.55	839.30	777.95	721.05	668.30
6/1/2004	1,181.25	1,094.85	1,014.80	940.55	871.80	808.05	748.95	694.15
12/1/2004	1,226.95	1,137.20	1,054.05	976.95	905.55	839.30	777.95	721.05
6/1/2005	1,274.45	1,181.25	1,094.85	1,014.80	940.55	871.80	808.05	748.95
12/1/2005	1,323.75	1,226.95	1,137.20	1,054.05	976.95	905.55	839.30	777.95
6/1/2006	1,375.00	1,274.45	1,181.25	1,094.85	1,014.80	940.55	871.80	808.05
12/1/2006	1,[illegible]8.20	1,323.75	1,226.95	1,137.20	1,054.05	976.95	905.55	839.30
6/1/2007	1,483.45	1,375.00	1,274.45	1,181.25	1,094.85	1,014.80	940.55	871.80
12/1/2007	1,540.90	1,428.20	1,323.75	1,226.95	1,137.20	1,054.05	976.95	905.55
6/1/2008	1,600.50	1,483.45	1,375.00	1,274.45	1,181.25	1,094.85	1,014.80	940.55
12/1/2008	1,662.45	1,540.90	1,428.20	1,323.75	1,226.95	1,137.20	1,054.05	976.95
6/1/2009	1,726.80	1,600.50	1,483.45	1,375.00	1,274.45	1,181.25	1,094.85	1,014.80
12/1/2009	1,793.60	1,662.45	1,540.90	1,428.20	1,323.75	1,226.95	1,137.20	1,054.05
6/1/2010	1,863.05	1,726.80	1,600.50	1,483.45	1,375.00	1,274.45	1,181.25	1,094.85
12/1/2010	1,935.15	1,793.60	1,662.45	1,540.90	1,428.20	1,323.75	1,226.95	1,137.20
6/1/2011	2,010.00	1,863.05	1,726.80	1,600.50	1,483.45	1,375.00	1,274.45	1,181.25
12/1/2011	2,087.80	1,935.15	1,793.60	1,662.45	1,540.90	1,428.20	1,323.75	1,226.95
6/1/2012	2,168.60	2,010.00	1,863.05	1,726.80	1,600.50	1,483.45	1,375.00	1,274.45
12/1/2012	2,252.55	2,087.80	1,935.15	1,793.60	1,662.45	1,540.90	1,428.20	1,323.75
6/1/2013	2,339.70	2,168.60	2,010.00	1,863.05	1,726.80	1,600.50	1,483.45	1,375.00
12/1/2013	2,430.25	2,252.55	2,087.80	1,935.15	1,793.60	1,662.45	1,540.90	1,428.20
6/1/2014	2,524.30	2,339.70	2,168.60	2,010.00	1,863.05	1,726.80	1,600.50	1,483.45
12/1/2014	2,622.00	2,430.25	2,252.55	2,087.80	1,935.15	1,793.60	1,662.45	1,540.90
6/1/2015	2,723.50	2,524.30	2,339.70	2,168.60	2,010.00	1,863.05	1,726.80	1,600.50
12/1/2015	2,828.90	2,622.00	2,430.25	2,252.55	2,087.80	1,935.15	1,793.60	1,662.45
6/1/2016	2,938.35	2,723.50	2,524.30	2,339.70	2,168.60	2,010.00	1,863.05	1,726.80
12/1/2016	3,052.05	2,828.90	2,622.00	2,430.25	2,252.55	2,087.80	1,935.15	1,793.60
6/1/2017	3,170.20	2,938.35	2,723.50	2,524.30	2,339.70	2,168.60	2,010.00	1,863.05
12/1/2017	3,292.90	3,052.05	2,828.90	2,622.00	2,430.25	2,252.55	2,087.80	1,935.15
6/1/2018	3,420.30	3,170.20	2,938.35	2,723.50	2,524.30	2,339.70	2,168.60	2,010.00
12/1/2018	3,552.70	3,292.90	3,052.05	2,828.90	2,622.00	2,430.25	2,252.55	2,087.80
6/1/2019	3,690.15	3,420.30	3,170.20	2,938.35	2,723.50	2,524.30	2,339.70	2,168.60
12/1/2019	3,833.00	3,552.70	3,292.90	3,052.05	2,828.90	2,622.00	2,430.25	2,252.55
6/1/2020	3,981.30	3,690.15	3,420.30	3,170.20	2,938.35	2,723.50	2,524.30	2,339.70
12/1/2020	4,135.40	3,833.00	3,552.70	3,292.90	3,052.05	2,828.90	2,622.00	2,430.25
6/1/2021	4,295.45	3,981.30	3,690.15	3,420.30	3,170.20	2,938.35	2,723.50	2,524.30
12/1/2021	4,461.65	4,135.40	3,833.00	3,552.70	3,292.90	3,052.05	2,828.90	2,622.00
6/1/2022	4,634.35	4,295.45	3,981.30	3,690.15	3,420.30	3,170.20	2,938.35	2,723.50
12/1/2022	4,813.70	4,461.65	4,135.40	3,833.00	3,552.70	3,292.90	3,052.05	2,828.90
6/1/2023	5,000.00	4,634.35	4,295.45	3,981.30	3,690.15	3,420.30	3,170.20	2,938.35
12/1/2023		4,813.70	4,461.65	4,135.40	3,833.00	3,552.70	3,292.90	3,052.05
6/1/2024		5,000.00	4,634.35	4,295.45	3,981.30	3,690.15	3,420.30	3,170.20
12/1/2024			4,813.70	4,461.65	4,135.40	3,833.00	3,552.70	3,292.90
6/1/2025			5,000.00	4,634.35	4,295.45	3,981.30	3,690.15	3,420.30
12/1/2025				4,813.70	4,461.65	4,135.40	3,833.00	3,552.70
6/1/2026				5,000.00	4,634.35	4,295.45	3,981.30	3,690.15
12/1/2026					4,813.70	4,461.65	4,135.40	3,833.00
6/1/2027					5,000.00	4,634.35	4,295.45	3,981.30
12/1/2027						4,813.70	4,461.65	4,135.40
6/1/2028						5,000.00	4,634.35	4,295.45
12/1/2028							4,813.70	4,461.65
6/1/2029							5,000.00	4,634.35
12/1/2029								4,813.70
6/1/2030								5,000.00

APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 1998

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Peat Marwick LLP

Suite 2000
1211 South West Fifth Avenue
Portland, OR 97204

Independent Auditors' Report

The Board of County Commissioners
Multnomah County, Oregon
Portland, Oregon:

We have audited the accompanying general purpose financial statements of Multnomah County, Oregon (the County) as of and for the year ended June 30, 1998 as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The County has included such disclosures in note 20. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the County's disclosures with respect to the Year 2000 issue made in note 20. Further, we do not provide assurance that the County is, or will be, Year 2000 ready, that the County's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County does business will be Year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types and the changes in plan net assets for its pension trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 17 to the financial statements, Multnomah County adopted Governmental Accounting Standards Board Statement No. 32 during the year ended June 30, 1998.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 1998 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report, designated as "Statistical Section" in the accompanying table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

KPMG PEAT MARWICK LLP

By *Joseph F. Hoffman*

Joseph F. Hoffman, Partner

December 1, 1998

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GENERAL PURPOSE FINANCIAL STATEMENTS
("Liftable" Combined Financial Statements)

MULTNOMAH COUNTY, OREGON
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1998
(amounts expressed in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Cash and investments	$ 23,739	$ 37,095	$ 16,143	$ 108,133
Receivables:				
Taxes	5,852	2,290	782	
Accounts	6,291	21,832	4	3,623
Loans		1,635		
Interest	713	9		
Special assessments	22			
Contracts	20	995		1,540
Due from other funds				62
Inventories	537	677		
Prepaid items	79	614	1	
Foreclosed properties		831		
Fixed assets (net, where applicable, of accumulated depreciation)				
Other debits:				
Amount available for retirement of long-term obligations				
Amount to be provided for retirement of long-term obligations				
Total assets and other debits	$ 37,253	$ 65,978	$ 16,930	$ 113,358
LIABILITIES, EQUITY AND OTHER CREDITS:				
Liabilities:				
Payrolls payable	$	$	$	$
Accounts payable	3,003	19,732	31	4,297
Due to other funds				62
Assistance receipts unapplied		5,179		
Compensated absences	3,380	5,644		10
Deferred revenue	4,997	5,432	658	2,103
Due to other governmental units				
Amounts held in trust				
General obligation bonds payable				
Capitalized leases				
Loans payable				
Total liabilities	11,380	35,987	689	6,472
Equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings:				
Unreserved				
Fund balances:				
Reserved for capital projects				106,886
Reserved for debt service			16,240	
Reserved for employees' retirement benefits				
Reserved for inventories	537	677		
Reserved for foreclosed properties		831		
Reserved for prepaid items	79	614	1	
Reserved for Oregon Medical Assistance Program		250		
Unreserved, undesignated	25,257	27,619		
Total equity and other credits	25,873	29,991	16,241	106,886
Total liabilities, equity and other credits	$ 37,253	$ 65,978	$ 16,930	$ 113,358

The accompanying notes are an integral part of the combined financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	Totals (Memorandum only)
$ 6,893	$ 27,170	$ 46,531	$	$	$ 265,704
		28,198			37,122
503	575	104			32,932
					1,635
					722
11					33
					2,555
					62
	438				1,652
7	587				1,288
					831
1,237	6,917		273,785		281,939
				16,240	16,240
				178,898	178,898
$ 8,651	$ 35,687	$ 74,833	$ 273,785	$ 195,138	$ 821,613
$	$	$ 11,714	$	$	$ 11,714
3,061	10,415	10,677			51,216
					62
					5,179
56	827			2,045	11,962
					13,190
		28,198			28,198
		13,522			13,522
				128,470	128,470
	1,112			63,946	65,058
	4,300			677	4,977
3,117	16,654	64,111		195,138	333,548
			273,785		273,785
3,058	7,866				10,924
2,476	11,167				13,643
					106,886
					16,240
		10,722			10,722
					1,214
					831
					694
					250
					52,876
5,534	19,033	10,722	273,785		488,065
$ 8,651	$ 35,687	$ 74,833	$ 273,785	$ 195,138	$ 821,613

MULTNOMAH COUNTY, OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
For the fiscal year ended June 30, 1998
(amounts expressed in thousands)

	General	Special Revenue	Debt Service	Capital Projects	Totals (memorandum only)
REVENUES:					
Taxes	$ 141,079	$ 56,729	$ 17,292	$	$ 215,100
Intergovernmental	17,185	189,342		17,435	223,962
Licenses and permits	1,724	1,210			2,934
Charges for services	6,975	7,378		118	14,471
Interest	3,391	1,567	1,809	5,313	12,080
Other	18,492	12,236	6,074	388	37,190
Total revenues	188,846	268,462	25,175	23,254	505,737
EXPENDITURES:					
Current:					
General government	15,614	11,609	483	768	28,474
Health and social services	13,686	177,255			190,941
Public safety and justice	77,987	59,558		2,965	140,510
Community services	10,449	35,086		2,229	47,764
Roads and bridges		35,197			35,197
Capital outlay	583	5,577		30,613	36,773
Debt service:					
Principal			14,071		14,071
Interest	494		9,712		10,206
Total expenditures	118,813	324,282	24,266	36,575	503,936
Excess of revenues over (under) expenditures	70,033	(55,820)	909	(13,321)	1,801
OTHER FINANCING SOURCES (USES):					
Certificates of participation proceeds		1,000		14,694	15,694
Proceeds of refunding certificates of participation			28,621		28,621
Payment to refunded certificates of participation escrow agent			(28,886)		(28,886)
Operating transfers in	3,541	67,299	2,937	4,037	77,814
Operating transfers out	(71,000)	(5,321)	(2,317)	(620)	(79,258)
Total other financing sources (uses)	(67,459)	62,978	355	18,111	13,985
Excess of revenues and other sources over expenditures and other uses	2,574	7,158	1,264	4,790	15,786
FUND BALANCES, JUNE 30, 1997	23,299	22,833	14,977	102,096	163,205
FUND BALANCES, JUNE 30, 1998	$ 25,873	$ 29,991	$ 16,241	$ 106,886	$ 178,991

The accompanying notes are an integral part of the combined financial statements.

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MULTNOMAH COUNTY, OREGON
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the fiscal year ended June 30, 1998
(amounts expressed in thousands)

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
REVENUES:						
Taxes	$ 150,153	$ 141,079	$ (9,074)	$ 54,865	$ 56,729	$ 1,864
Intergovernmental	15,395	17,185	1,790	208,041	189,342	(18,699)
Licenses and permits	1,783	1,724	(59)	1,448	1,210	(238)
Charges for services	7,198	6,975	(223)	9,119	7,378	(1,741)
Interest	3,215	3,391	176	1,077	1,567	490
Other	20,912	18,492	(2,420)	13,111	12,236	(875)
Total revenues	198,656	188,846	(9,810)	287,661	268,462	(19,199)
EXPENDITURES:						
Current:						
General government	16,819	15,614	1,205	13,982	11,609	2,373
Health and social services	14,140	13,686	454	192,750	177,255	15,495
Public safety and justice	82,025	77,987	4,038	72,503	59,558	12,945
Community services	12,046	10,449	1,597	39,488	35,086	4,402
Roads and bridges				37,631	35,197	2,434
Capital outlay	701	583	118	11,929	5,577	6,352
Debt service:						
Principal						
Interest	550	494	56			
Contingency	5,064		5,064	3,781		3,781
Total expenditures	131,345	118,813	12,532	372,064	324,282	47,782
Excess of revenues over (under) expenditures	67,311	70,033	2,722	(84,403)	(55,820)	28,583
OTHER FINANCING SOURCES (USES):						
Certificates of participation proceeds					1,000	1,000
Proceeds of refunding certificates of participation						
Loan proceeds						
Bond sales						
Payment to refunded certificates of participation escrow agent						
Operating transfers in	3,763	3,541	(222)	73,923	67,299	(6,624)
Operating transfers out	(77,956)	(71,000)	6,956	(5,543)	(5,321)	222
Total other financing sources (uses)	(74,193)	(67,459)	6,734	68,380	62,978	(5,402)
Excess of revenues and other sources over (under) expenditures and other uses	(6,882)	2,574	9,456	(16,023)	7,158	23,181
FUND BALANCES, JUNE 30, 1997	15,022	23,299	8,277	16,023	22,833	6,810
FUND BALANCES, JUNE 30, 1998	$ 8,140	$ 25,873	$ 17,733	$	$ 29,991	$ 29,991

The accompanying notes are an integral part of the combined financial statements.

Debt Service Funds			Capital Projects Funds			Totals (Memorandum only)		
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
$ 16,421	$ 17,292	$ 871	$	$	$	$ 221,439	$ 215,100	$ (6,339)
			42,629	17,435	(25,194)	266,065	223,962	(42,103)
						3,231	2,934	(297)
292		(292)	145	118	(27)	16,754	14,471	(2,283)
537	1,809	1,272	5,100	5,313	213	9,929	12,080	2,151
6,591	6,074	(517)	338	388	50	40,952	37,190	(3,762)
23,841	25,175	1,334	48,212	23,254	(24,958)	558,370	505,737	(52,633)
39	483	(444)	3,207	768	2,439	34,047	28,474	5,573
						206,890	190,941	15,949
			4,893	2,965	1,928	159,421	140,510	18,911
			5,362	2,229	3,133	56,896	47,764	9,132
						37,631	35,197	2,434
			148,143	30,613	117,530	160,773	36,773	124,000
11,143	14,071	(2,928)				11,143	14,071	(2,928)
10,732	9,712	1,020				11,282	10,206	1,076
6,517		6,517	4,374		4,374	19,736		19,736
28,431	24,266	4,165	165,979	36,575	129,404	697,819	503,936	193,883
(4,590)	909	5,499	(117,767)	(13,321)	104,446	(139,449)	1,801	141,250
			13,008	14,694	1,686	13,008	15,694	2,686
1,055	28,621	27,566				1,055	28,621	27,566
			330		(330)	330		(330)
295		(295)				295		(295)
	(28,886)	(28,886)					(28,886)	(28,886)
2,937	2,937		4,387	4,037	(350)	85,010	77,814	(7,196)
(2,317)	(2,317)		(620)	(620)		(86,436)	(79,258)	7,178
1,970	355	(1,615)	17,105	18,111	1,006	13,262	13,985	723
(2,620)	1,264	3,884	(100,662)	4,790	105,452	(126,187)	15,786	141,973
14,341	14,977	636	100,662	102,096	1,434	146,048	163,205	17,157
$ 11,721	$ 16,241	$ 4,520	$	$ 106,886	$ 106,886	$ 19,861	$ 178,991	$ 159,130

MULTNOMAH COUNTY, OREGON
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
For the fiscal year ended June 30, 1998
(amounts expressed in thousands)

	Enterprise	Internal Service	Totals (Memorandum only)
OPERATING REVENUES:			
Charges for sales and services	$ 20,956	$ 63,122	$ 84,078
Insurance premiums		801	801
Experience ratings and refunds		149	149
Total operating revenues	20,956	64,072	85,028
OPERATING EXPENSES:			
Salaries and wages	971	9,673	10,644
Employee benefits	288	2,742	3,030
Repairs and maintenance		2,111	2,111
Utilities	334	3,074	3,408
Equipment rental		3,950	3,950
Facility rental	50	654	704
Professional services	982	9,412	10,394
Communications	26	1,721	1,747
Operating supplies	124	4,558	4,682
Medical claims	17,729		17,729
Insurance claims and premiums		19,575	19,575
Administrative	409		409
Internal support	24	285	309
Depreciation	118	3,160	3,278
Other expenses	32	6,350	6,382
Total operating expenses	21,087	67,265	88,352
Operating loss	(131)	(3,193)	(3,324)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	279	1,465	1,744
Interest expense		(63)	(63)
Loss on disposal of fixed assets		(1,608)	(1,608)
Total nonoperating revenues	279	(206)	73
Net income (loss) before operating transfers	148	(3,399)	(3,251)
OPERATING TRANSFERS IN	1,485	709	2,194
OPERATING TRANSFERS OUT		(750)	(750)
Net income (loss)	1,633	(3,440)	(1,807)
RETAINED EARNINGS, JUNE 30, 1997	843	14,607	15,450
RETAINED EARNINGS, JUNE 30, 1998	$ 2,476	$ 11,167	$ 13,643

The accompanying notes are an integral part of the combined financial statements.

MULTNOMAH COUNTY, OREGON
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
For the fiscal year ended June 30, 1998
(amounts expressed in thousands)

ADDITIONS:	
Contributions	$ 79
Investments income - interest	771
Total additions	850
DEDUCTIONS:	
Benefits	620
Refunds	30
Administrative expense	23
Total deductions	673
Net increase	177
Net assets held in trust for pensions benefits	
Beginning of year	10,545
End of year	$ 10,722

The accompanying notes are an integral part of the combined financial statements.

MULTNOMAH COUNTY, OREGON
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the fiscal year ended June 30, 1998
(amounts expressed in thousands)

	Enterprise	Internal Service	Totals (Memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	$ (131)	$ (3,193)	$ (3,324)
Adjustments to reconcile operating loss to cash and cash equivalents provided (used) by operating activities:			
Depreciation	118	3,160	3,278
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	140	(175)	(35)
Decrease in inventories		23	23
Increase in prepaid items		(328)	(328)
Increase in accounts payable	1,690	228	1,918
Decrease in deferred revenue		(4)	(4)
Increase in compensated absences	17	86	103
Net cash provided (used) by operating activities	1,834	(203)	1,631
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Loan proceeds		4,300	4,300
Operating transfers in	1,485	709	2,194
Operating transfers out		(750)	(750)
Net cash provided by noncapital financing activities	1,485	4,259	5,744
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of fixed assets	(161)	(4,520)	(4,681)
Principal paid on capitalized leases		(881)	(881)
Interest paid on capitalized leases		(63)	(63)
Capital contributed by customers and others	169	27	196
Net cash provided (used) by capital and related financing activities	8	(5,437)	(5,429)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	279	1,465	1,744
Net cash provided by investing activities	279	1,465	1,744
Net increase in cash and cash equivalents	3,606	84	3,690
CASH AND CASH EQUIVALENTS, JUNE 30, 1997	3,287	27,086	30,373
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	$ 6,893	$ 27,170	$ 34,063
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Disposal of fixed assets, net book value	$ (32)	$ (1,608)	$ (1,640)
Transfer of fixed assets from General Fixed Assets Account Group, net book value	$	$ 238	$ 238

The accompanying notes are an integral part of the combined financial statements.

NOTE 1. Summary of Significant Accounting Policies:

The financial statements of Multnomah County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies used by the County in the preparation of the accompanying combined financial statements:

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The governmental and agency fund types are accounted for and presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when related fund liabilities are incurred.

Significant revenues which are measurable and available under the modified accrual basis of accounting are as follows:

- Property taxes collected within sixty days of year end.
- Federal and state financial assistance (to the extent that related expenditures which are eligible for reimbursement have been incurred).
- Intergovernmental revenues.
- Motor fuel use taxes.
- Motor vehicle rental and transient lodging taxes.

The measurement focus for all governmental fund types is on current financial resources. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund types and the pension trust fund are accounted for and presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred. The measurement focus of the proprietary funds and the pension trust fund is on a flow of economic resources. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The proprietary fund types have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The County's agency funds are purely custodial (assets equal liabilities) and do not involve the measurement of operations. These funds are used to account for assets that the County holds for others in an agency capacity.

Governmental Reporting Entity

Based on Governmental Accounting Standards Board Statement No. 14, the combined financial statements of the reporting entity include those of the County (primary government) and its component units. Based upon criteria set forth in GASB No. 14, the component units are included in the reporting entity because of the significance of their operational or financial relationships with the County.

The County believes the financial data of all component units included in the financial reporting entity meet the criteria for blended presentation due to the fact that the Multnomah County Board of Commissioners is the governing body of each of the component units. Brief descriptions of blended component units are as follows:

- Dunthorpe-Riverdale Service District No. 1 was organized in 1964 under the provisions of ORS 451. The District's purpose was to finance the construction and operation of sanitary sewer systems in the southwest areas of the County, bordering the Willamette River, and a small portion of northern Clackamas County. The principal funding source is charges for sanitary services provided.

- Mid County Service District No. 14 was organized in 1968 as Tulip Acres Lighting District under the provisions of ORS Chapter 451. The District now provides street lighting to the unincorporated urban areas of Multnomah County and the cities of Maywood Park, Troutdale, and Fairview. The principal funding source is charges for lighting services provided.

Complete financial statements for each of the individual component units may be obtained at the following address:

Multnomah County, Oregon
Finance Division
1120 SW Fifth Avenue, Suite 1430
PO Box 14700
Portland, OR 97293-0700

There are many other governmental agencies, including certain school districts and various special service districts, which provide services within the boundaries of Multnomah County. These agencies have independently elected or appointed governing boards and are fiscally independent of the County. Therefore, financial information for these agencies is not included in the accompanying combined financial statements.

Cash and Investments

General County investments, included in cash and investments in the combined balance sheet, are carried at fair value including the investments in the Library Retirement Pension Trust Fund. The composition of the County's investments is controlled by the County's investment policy which is adopted by the County Commissioners.

For purposes of the statement of cash flows for the proprietary fund types, cash and cash equivalents include all assets in the cash and investment pool. The cash and investment pool has the general characteristic of a demand deposit account for the Enterprise and Internal Service Funds in that these funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. In general, interest earned from pooled investments is allocated to each fund based on the average earnings rate and daily cash balance of each fund.

Receivables

Uncollected property taxes receivable for the governmental fund types which are collected within sixty days following year end are considered measurable and available and are recognized as revenues in the funds. All other uncollected property taxes receivable for the governmental fund types are offset by deferred revenues and, accordingly, have not been recorded as revenue. Property taxes receivable in the Agency Funds are recorded as assets and liabilities.

Assessments receivable which are collected within sixty days following year end in the General Fund are recognized as revenues. Assessments receivable not considered measurable and available are offset by deferred revenues and, accordingly, have not been recorded as revenue.

Receivables for federal and state financial assistance are recorded as revenue in all funds as earned.

Receivables of the Enterprise Funds are recorded as revenue when earned, including charges for services rendered but not billed, net of any required allowance for doubtful accounts.

Inventories

Inventories of materials and supplies in the General Fund and Special Revenue (Road and Federal and State Program) Funds are valued at average cost and are offset by a reservation of fund balance. Expenditures are recorded as inventories are used.

Internal Service Fund inventories are valued at the lower of average cost or market and are expensed when used.

Prepaid Items

Payments made to vendors for items or services that will benefit periods beyond June 30 are recorded as prepaid items. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid expenditures.

Prepayments to vendors are recorded as prepaid items in the Enterprise Funds.

Insurance premiums paid for insurance coverage beyond June 30 and prepayments made to vendors are recorded as prepaid items in the Internal Service Funds.

Foreclosed Properties

Foreclosed property is recorded at the value of the assessments for which it was foreclosed, or fair market value as indicated by the County's Assessment and Taxation Division at the date of foreclosure, whichever is less and is offset by a reservation of fund balance. Any interest on foreclosed taxes, that may be collected upon the ultimate disposal of the foreclosed property, is recognized at the time of sale or as received, whichever is later.

Fixed Assets

General fixed assets are stated at cost or estimated historical cost. Fixed assets valued at estimated historical cost are minor. Donated fixed assets are recorded at the estimated fair market value at the date of donation. Fixed assets are charged to expenditures in the governmental fund types as purchased and capitalized in the General Fixed Assets Account Group. Minor expenditures below established limits, most routine remodeling costs and infrastructure assets such as road, curb, gutter, sidewalk, drainage and lighting systems are not capitalized. Upon disposal of fixed assets, the cost or estimated cost is removed from the General Fixed Assets Account Group and any proceeds are recorded as other financing sources in the appropriate fund. Depreciation is not computed on fixed assets in the General Fixed Assets Account Group. Interest incurred during construction is not capitalized on general fixed assets.

Fixed assets of the Enterprise and Internal Service Funds are stated at cost, net of accumulated depreciation, computed using the straight-line method over the estimated useful lives as follows:

- Motor vehicles - 3 years
- Equipment - 3 to 10 years
- Sewer systems - 40 to 50 years
- Building and improvements - 50 years
- Street lighting - 10 to 30 years

Six months depreciation is taken in the year the assets are acquired or retired. Normal maintenance and repairs are charged to operations as incurred. Outlays for major additions, improvements and replacements are capitalized. Amortization of capitalized leases is included in depreciation expense. Depreciation expense on contributed capital is charged to retained earnings. Transfers of fixed assets from the General Fixed Assets Account Group are recorded at the net book value calculated as if depreciation had been recognized on the asset since acquisition. Gains or losses from sales or retirements are included as non-operating revenues or expenses.

Long-term Obligations

Long-term obligations, including capital lease obligations, general obligation bonds, loans payable, and vacation and compensation time pay liabilities, are accounted for in the General Long-term Obligations Account Group. Long-term obligations of proprietary fund types are accounted for in the respective funds. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Interest on long-term obligations is recorded when paid. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

Self Insurance

The County is partially self-insured for employee medical, dental and vision benefits, workers' compensation, property, tort and general liability claims. The County purchases stop loss insurance protection for self-insured medical claims, per individual, that exceed $250; tort and general liability claims are limited to $500 per occurrence by State statute. The County has property insurance coverage policies that cover individual claims in excess of $50 for other perils and extra expense and $250 for flood, and $100 for earthquakes. The County also has an excess coverage insurance policy for individual workers' compensation claims over $500. The County currently provides for estimated losses to be incurred from pending claims and for incurred but not reported (IBNR) claims for medical, dental, vision, tort and general liability and workers' compensation claims, based on actuarial valuations. IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date.

The operations and activities of the self insurance program are accounted for in the Insurance Fund. Premiums are charged to various County funds based on periodically adjusted rates.

Contributed Capital

The following transactions are recorded as contributed capital in the proprietary fund types:

- Receipts from federal and state financial assistance restricted to acquiring fixed assets.
- Fixed assets contributed from other funds or the General Fixed Assets Account Group.
- Contributions from customers for the acquisition of fixed assets.

Assistance Receipts Unapplied

Amounts received for grant programs in excess of expenditures are shown as assistance receipts unapplied in the combined balance sheet.

Fund Balances Reserved

Portions of the fund balance of the General Fund, which represent inventory and prepaid items, have been segregated from unreserved fund balance to indicate these amounts are not available expendable resources.

Portions of the fund balances of the Special Revenue Funds, which represent inventory, foreclosed properties, prepaid items, and the Oregon Medical Assistance Program, have been segregated from unreserved fund balance to indicate that these amounts are not available expendable resources.

The fund balances of the Debt Service Funds have been segregated from unreserved fund balance for amounts legally required to be set aside to pay debt service on general obligation bonds or capital leases in accordance with the lease purchase agreements and for additional debt service amounts as designated by County management.

The fund balances of the Capital Projects Funds, which represent prepaid items, mortgages receivable, general obligation bond proceeds and loan proceeds to be used for designated capital projects, have been segregated from unreserved fund balance to indicate that these amounts do not represent available expendable resources.

The fund balance of the Pension Trust Fund is reserved for employees' retirement benefits and administrative costs.

Compensated Absences

Vacation and compensation time pay expected to be liquidated with expendable available resources is reported as expenditures and fund liabilities in the governmental fund types when earned. Other vacation and compensation pay for governmental fund types which has been earned but is not expected to be liquidated with expendable available resources is recorded in the General Long-term Debt Account Group. The amount of accumulated vacation and compensation time pay is considered normal. Vacation and compensation time pay is recorded as an expense in the proprietary fund types when earned. Sick pay is charged when leave is taken because it does not vest when earned.

Totals (Memorandum only) Columns

The "Totals (Memorandum only)" columns on the combined financial statements represent an aggregate of the columnar statements by fund type and account group and are presented only to facilitate financial analysis. Amounts in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such amounts do not represent consolidated financial information as interfund eliminations have not been made in the aggregation of this data.

Budgets

In accordance with Oregon Revised Statutes, the County budgets all funds except Trust and Agency Funds. The Board of County Commissioners adopts a Board Order authorizing appropriations for each fund and establishes the level by which expenditures cannot legally exceed appropriations. Total expenditures by department are the levels of control for each fund established by the Board Order. The detail budget document, however, is required to contain more specific detailed information for the above mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

Unexpected additional resources may be appropriated through the use of a supplemental budget and Board of County Commissioner's action. The original and supplemental budgets require budget hearings before the public, publications in newspapers and approval by the Board of County Commissioners. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation transfers between the legal categories. Such transfers require approval by the Board of County Commissioners. The County made numerous appropriation transfers between categories during fiscal year 1998. The County budgets all fund types, except fiduciary fund types, on the modified accrual basis of accounting.

NOTE 2. Organization and Operations:

Multnomah County, Oregon is governed under its home rule charter, effective January 1, 1967 and subsequent amendments, adopted under Article VI, Section 10 of the Oregon State Constitution. Its boundaries are established by ORS 201.260. The County is governed by a nonpartisan, independently elected Chair of the Board, and by the Board of County Commissioners consisting of four nonpartisan independent members elected from districts within the County. The County's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund: Accounts for the financial operations of the County which are not accounted for in any other funds. The principal sources of revenues for this fund are property taxes, business income taxes, federal and state shared revenue and billings for interfund services.

Special Revenue Funds: Account for revenue derived from specific taxes or other earmarked revenue sources, including federal and state financial assistance awards, which are legally restricted to finance particular functions or activities. When a Special Revenue Fund is not an operating fund, transfers are made from the Special Revenue Fund to the operating funds authorized to make expenditures. Funds included in this fund category are:

- Strategic Investment Program Fund
- Road Fund
- Emergency Communications Fund
- Assessment and Taxation Fund
- Bicycle Path Construction Fund
- Federal and State Program Fund
- County School Fund
- Corner Preservation Fund
- Tax Title Land Sales Fund
- Animal Control Fund
- Willamette River Bridges Fund
- Recreation Fund
- Library Fund
- Justice Services Special Operations Fund
- Inmate Welfare Fund
- Transient Lodging Tax Fund
- Public Safety Levy Fund

Debt Service Funds: Account for the retirement of general obligation bonds from the collection of property taxes and for the retirement of certificates of participation (capital leases) and other lease purchase arrangements. The unmatured outstanding general obligation bonds, certificates of participation and other outstanding lease purchases are accounted for in the General Long-term Obligations Account Group. Funds included are:

- Revenue Bond Sinking Fund
- Capital Lease Retirement Fund
- Library Bond Sinking Fund/1993 Bonds
- Library Bond Sinking Fund/1996 Bonds
- Public Safety Bond Sinking Fund

Capital Projects Funds: Account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County owned property, and library general obligation bond proceeds. Funds included are:

- Justice Bond Project Fund
- Edgefield Children's Center Fund
- SB 1145 Fund
- Equipment Lease/Purchase Fund
- Lease/Purchase Project Fund
- Library Construction Fund/1993 Bonds
- Library Construction Fund/1996 Bonds
- Capital Improvement Fund
- Capital Acquisition Fund

Proprietary Fund Types

Enterprise Funds: Account for the operations of predominantly self-supporting activities which render services to the public on a user charge basis. Funds included are:

- Dunthorpe-Riverdale Service District No. 1 Fund (blended component unit of Multnomah County)
- Mid County Service District No. 14 Fund (blended component unit of Multnomah County)
- Behavioral Health Managed Care Fund

Internal Service Funds: Account for activities and services performed primarily for other organizational units within the County. Funds included are:

- Insurance Fund
- Fleet Management Fund
- Telephone Fund
- Data Processing Fund
- Mail/Distribution Fund
- Facilities Management Fund

Fiduciary Fund Types

Trust and Agency Funds: Account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. Funds included are:

- Sundry Taxing Bodies Fund
- Clearing Fund
- Department and Offices Agency Fund
- Public Guardian Fund
- Library Retirement Fund (Pension Trust Fund)

Account Groups

General Fixed Assets Account Group: Accounts for the County's investment in fixed assets with the exception of those assets held by the proprietary fund types. Expenditures for the acquisition of general fixed assets are recorded in the various governmental fund types; the costs of such assets are capitalized in this account group. As fixed assets are disposed, the original cost or estimated original cost is removed from this account group; any receipts from the sale of general fixed assets is accounted for as other financing sources in the appropriate fund depending on the original funding source.

General Long-term Obligations Account Group: Accounts for long-term obligations of the County resulting from capitalized lease transactions, certificates of participation lease transactions, vacation and compensation time pay liabilities, general obligation bonds, loans, and other long-term obligations, which will be financed from resources of the governmental fund types.

NOTE 3. Cash and Investments:

Multnomah County pools virtually all funds for investment purposes. All appropriate funds are allocated interest based on the average daily cash balance of the fund and the average monthly yield of the County's investment portfolio. Each fund type's portion of this pool is displayed on the combined balance sheet as Cash and Investments.

Fair Value of Investments

Pursuant to GASB Statement No. 31, investments are reported at fair value as of June 30, 1998. The total fair value of deposits and investments is $265,704 and the total adjusted cost basis is $265,751. During the fiscal year 1997-1998, the County realized a net gain of $89 from the sale of investments. The calculation of realized gains is independent of the calculation of the net change in the fair value of investments. The net decrease in the fair value of investments during fiscal year 1997-1998 was $26,265. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year, as well as the change in reporting for deferred compensation funds. The unrealized loss on investments held at year end was $47. The difference between fiscal year 1996-1997's year end unrealized loss of $210 and fiscal year 1997-1998's year end unrealized loss of $47, is an unrealized gain of $163. Fair value of the County's investments is provided by the County's third-party custodian and by an independent broker/dealer.

Deposits with Financial Institutions

At year end, the carrying amount of the County's deposits was $3,521 and the bank balance was $3,176. The bank balance was covered by federal depository insurance or by collateral held by one or more of the State's authorized collateral pool managers in the name of the County as the County's agent. The balance of $345 was uninsured and uncollateralized. State law requires that collateral be deposited with a value of 25% of the balances above federal deposit insurance, but in some instances, the State Banking Commission can require banks to provide more than 25% of the balances of municipal corporations' deposits as collateral. The County cannot, however, determine which, if any, institutions have been required to meet a collateral requirement larger than 25%. The County independently monitors its depository institutions for indications that could potentially cause loss of County funds. At all times during the year ended, and at June 30, 1998, the County was fully collateralized under State requirements.

Investments

Oregon Revised Statutes, Chapter 294, authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, repurchase agreements, State of Oregon Local Government Investment Pool, and various interest-bearing bonds of Oregon municipalities. The County's investment policy requires that the market value plus accrued interest of the securities collateralizing repurchase agreements exceeds the face amount of the repurchase agreement by margins prescribed in writing by the Oregon Short-Term Fund Board, providing the County with a margin against a decline in the market value of the securities. Daily marking-to-market also protects the County against declines in market value.

The market value plus accrued interest of the securities purchased under repurchase agreements did not fall below the required level during the year. State statutes and County policy permit the County to enter into reverse repurchase agreements, which are the sale of securities to a broker/dealer with a simultaneous agreement to repurchase them at a specified time in the future at a specified price, plus a contracted rate of interest. Any interest accruing on the sold securities belongs to the County. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received by 102%, providing the broker/dealer with a margin against a decline in the market value of the securities. Daily marking-to-market protects the County against increases in the market value.

If a broker/dealer defaults on its obligation to re-sell the securities at the maturity of the agreement, the County could suffer an economic loss equal to the difference between the market value of the securities and the amount of the reverse repurchase agreement less the contracted interest. The County did not enter into any reverse repurchase agreements at any time during the fiscal year ended June 30, 1998.

The County's investments are governed by a written investment policy that is reviewed annually by both the Oregon Short-Term Fund Board and the Multnomah County Investment Advisory Board, and is adopted annually by the Board of County Commissioners. The policy specifies the County's investment objectives, benchmarks, required diversification by security type and by maturity, and the reporting requirements.

The County's cash deposits and investments are categorized below to give an indication of risk assumed by the County at June 30, 1998. Category 1 includes investments that are insured or registered, or for which the securities are held by the County or its third-party custodian in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's trust department in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by counterparties or a trust department, but not in the County's name. The County had no investments in Category 3 at June 30, 1998. The level of risk indicated below at June 30, 1998, is generally reflective of the level of risk assumed by the County during the year. For reporting purposes, adjusted cost basis is the amortized or accreted value of investments.

	Category 1	Category 2	Fair Value	Adjusted Cost Basis
U.S. Government Securities	$ 10,220	$	$ 10,166	$ 10,198
U.S. Government Agencies	143,582	256	143,805	143,823
Repurchase Agreements	24,000		24,000	24,000
Bankers' Acceptances	9,902		9,902	9,903
Commercial Paper	47,234		47,234	47,230
	$234,938	$256	235,107	235,154
Local Government Investment Pool			16,354	16,354
Pension Trust Investments			10,722	10,722
Cash Deposits and Certificates of Deposit			3,521	3,521
Total Cash and Investments			$265,704	$265,751

NOTE 4. Interfund Transactions:

The following amounts due to and due from other funds recorded on the Combined Balance Sheet are temporary advances. All other interfund transfers are reported as operating transfers.

Due from:	Due to:	Amount
Edgefield Children's Center Fund	Capital Improvement Fund	$ 62

The following schedule reconciles operating transfers in and out on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

Operating transfers in	$77,814
Plus: Operating transfers in as recorded in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types and Similar Trust Funds:	
Behavioral Health Managed Care	1,485
Data Processing Fund	696
Facilities Management Fund	13
	2,194
Less: Operating transfers out as recorded in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types and Similar Trust Funds:	
Facilities Management Fund	(750)
Operating transfers out	$79,258

NOTE 5. Property Taxes:

The County reviews, bills, collects and distributes property taxes for all taxing jurisdictions within its boundaries in accordance with State law. Property taxes collected by the County are distributed to the other taxing districts on a monthly basis except for the period from November 1 through November 30, when the distribution is made weekly. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15, the second one-third on February 15 and the remaining one-third on May 15. A three-percent discount is allowed if full payment is made by November 15 and a two-percent discount is allowed if two-thirds payment is made by November 15. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date. Property taxes are recorded on the date levied.

The Oregon Constitution limits property taxes for local governments. Local governments must share no more than one percent of the value of real property as current year property taxes. The maximum rate for all local governments is $10 per thousand of assessed value. This limit applies to the local government tax base as well as special levies. Property taxes to support voter approved debt service are exempt from the limitation. Educational districts do not fall within the definition of local governments.

On November 5, 1996, the voters of the State of Oregon approved a constitutional amendment, Ballot Measure 47, to limit the amount of property taxes to be collected. On May 20, 1997, the voters approved Ballot Measure 50 to replace Measure 47. Measure 50 cuts or reduces property taxes imposed statewide by 17% from fiscal year 1997-98 levels unless such taxes are exempt. Measure 50, rolls back the assessed value of each unit of property for the tax year 1997-98 to its 1995-96 "real market value," less 10%. The new resulting tax rates become the new constitutional limits for each jurisdiction replacing the levy based tax system with a rate based tax system. The measure limits any increase in assessed value to 3% per year for tax years after 1997-98. There are special exemptions for property that is substantially improved, rezoned, subdivided, or annexed, or when property ceases to qualify for a property tax exemption. In addition to limiting the amount of property taxes that can be collected, the measure requires a double majority voter approval, except at a general election, for new or increased property taxes, restricts the use of general obligation bond proceeds on certain capital maintenance and equipment outlays and restricts other means by which the State and local governments can raise revenue in lieu of property taxes. The full text of Ballot Measure 50 should be read to gain a better understanding of the limitation.

NOTE 6. Assessments Receivable:

Assessments receivable represent uncollected amounts levied against benefited property for the cost of street, lighting and sewer improvements. An allowance for uncollectible amounts is not deemed necessary as substantially all amounts, including delinquent assessments, should be recoverable through liens. Substantially all assessments are payable over a period of ten years or less. Assessments bear interest at 6% to 10%. The Assessment District Operating Fund, a Special Revenue Fund, was closed to the General Fund in fiscal year 1996 because the outstanding receivables were considered to be immaterial.

NOTE 7. Contracts Receivable:

The following is a summary of contracts receivable at June 30, 1998:

	Total	Due within one year
General Fund:		
General Fund contract from bridge loan. Due in full by December 31,2000.	$ 20	$ 20
Special Revenue Fund:		
Tax Title Land Sales Fund - Contracts from sale of foreclosed property payable at 6% to 12% interest generally over terms up to twenty years, net of City of Portland equity therein.	995	185
Capital Projects Fund:		
Capital Improvement Fund contract from the sale of property. Due in periodic installments through fiscal year 2012-2013.	1,540	103
Total Contracts Receivable	$2,555	$308

NOTE 8. Deferred Revenue:

Deferred revenue as of June 30, 1998 consists of the following:

Property taxes receivable	$ 7,433
Assessments receivable	22
Contracts receivable	2,555
Other receivables	3,180
	$13,190

NOTE 9. Fixed Assets:

The changes in the General Fixed Assets Account Group for the fiscal year ended June 30, 1998, and fixed assets by major classes for the General Fixed Assets Account Group are as follows:

General Fixed Assets:	Balance June 30, 1997	Additions	Retirements and Transfers	Balance June 30, 1998
Land and Improvements	$ 6,665	$ 402	$ (78)	$ 6,989
Buildings and Improvements	187,485	27,865	(250)	215,100
Parksites	261		(261)	
Work in Progress	157			157
Bridges	34,975	637		35,612
Equipment	25,071	2,907	(12,051)	15,927
Total	$254,614	$31,811	$(12,640)	$273,785

The following is a summary of proprietary fund type fixed assets for June 30, 1998:

Proprietary Funds:	Enterprise Funds	Internal Service Funds
Land and Improvements	$	$ 18
Buildings and Improvements	2,537	188
Equipment		22,206
Less: Accumulated Depreciation	(1,300)	(15,495)
Total	$ 1,237	$ 6,917

NOTE 10. Deficit Fund Balance and Budgetary Over Expenditures:

Dunthorpe-Riverdale Service District No. 1, an Enterprise Fund, has negative retained earnings of $499. However, the Fund has a positive total fund equity due to contributed capital.

Data Processing and Facilities Management, Internal Service Funds, have negative retained earnings of $2,035 and $22, respectively. The Data Processing Fund has a negative total fund equity of $199 after consideration of contributed capital. Internal billing rates have been adjusted to correct this occurrence. The Facilities Management Fund has a positive total fund equity due to contributed capital.

The following funds had over expenditures. These over expenditures were funded by available fund balances.

Description	Amount
Special Revenue Funds:	
Emergency Communication - Sheriff	$ 15
Inmate Welfare - Sheriff	15
Enterprise Fund:	
Behavorial Health Managed Care	2,943

NOTE 11. Tax and Revenue Anticipation Notes (TRANS):

The County issued $11,000 in TRANS on July 1, 1997 with a maturity date of June 30, 1998. The yield was 3.80%. The TRANS were issued to provide for seasonal cash flow needs of the General Fund. The TRANS are issued pursuant to Oregon Revised Statutes, and approved by the Board of County Commissioners, which authorize the County to borrow sufficient funds to meet current expenditures pending the collection of property taxes and other unpledged revenues. The TRANS were rated MIG1 by Moody's Investors Service.

NOTE 12. Long-Term Obligations:

Bonded debt recorded in the General Long-term Obligations Account Group are general obligation bonds issued for the rehabilitation of the Central Library, construction of the Midland Library facilities, construction and acquisition of other library facilities and equipment, and construction and acquisition of certain public safety facilities and equipment. The general obligation bonds are direct obligations and pledge the full faith and credit of Multnomah County. The original total issue amounts were $22,000, $9,000, $29,000 and $79,700 respectively.

The County has entered into various lease/purchase agreements to acquire property and equipment. The lease obligations of the General Fixed Assets Account Group are recorded as liabilities in the General Long-term Obligations Account Group. All other lease obligations are related to the Telephone Fund and the Data Processing Fund, Internal Service Funds, and are recorded as capitalized lease obligations. These leases have been capitalized in accordance with generally accepted accounting principles.

The General Obligation Bond principal activity for fiscal year 1998 and unmatured interest outstanding at June 30, 1998 is as follows:

Fiscal Year of Maturity	Outstanding June 30, 1997	Paid During Year	Outstanding June 30, 1998	Unmatured Interest Outstanding June 30, 1998
1998	$ 7,905	$7,905	$	$
1999	8,235		8,235	6,347
2000	8,590		8,590	5,933
2001	8,975		8,975	5,490
2002	9,395		9,395	5,088
2003	4,585		4,585	4,774
Thereafter	88,690		88,690	35,749
	$136,375	$7,905	$128,470	$63,381

The General Long-term Obligations Account Group principal activity for the year ended June 30, 1998 is as follows:

	Outstanding June 30, 1997	Incurred	Retired	Outstanding June 30, 1998
Capital Lease Obligations:				
Agreement with the City of Portland dated January 22, 1981, due 2008.	$ 2,304	$	$ 134	$ 2,170
Certificates of Participation 1990C dated July 1, 1990, due 2001. Interest, 6 to 6.8%.	215		50	165
Certificates of Participation 1992A dated August 1, 1992, due 2013. Interest, 2.9 to 5.9%.	31,460		31,460 (1)	
Certificates of Participation 1993A&B dated May 1, 1993, due 2014. Interest, 2.75 to 7.5%.	16,110		845	15,265
Lease/Purchase dated February 1, 1994, due 1999. Interest, 4.5 to 4.75%.	189		92	97

	Outstanding June 30, 1997	Incurred	Retired	Outstanding June 30, 1998
Lease/Purchase dated March 1, 1995, due 2000. Interest, 4.25 to 4.85%.	943		301	642
Lease/Purchase dated January 10, 1996, due 2001. Interest, 6.017%.	200		63	137
Certificates of Participation dated June 1, 1996, due 2001. Interest, 3.75 to 4.6%.	1,505		350	1,155
Certificates of Participation dated February 1, 1998, due 2018. Interest, 3.75 to 4.90%.		44,315		44,315
Total capital lease obligations	52,926	44,315	33,295	63,946
General Obligation Bonds:				
Library Bonds, Series 1994, due 2014. Interest, 3.70 to 5.25%.	19,215		785	18,430
Library Bonds, Series 1994B, due 2015. Interest, 4.25 to 6.0%.	8,460		285	8,175
Library Bonds, Series 1996A due 2017. Interest, 3.90% to 5.65%.	29,000		3,255	25,745
Public Safety Bonds, Series 1996B due 2017. Interest, 3.90% to 5.65%.	79,700		3,580	76,120
Total general obligation bonds	136,375		7,905	128,470
Loans payable:				
Energy loan for Courthouse due 2011. Interest, 7.2%.	506		22	484
Energy loan for Kelly Building due 2007. Interest, 5.9%.	54		4	50
Energy loan for Elections and McCoy Buildings due 2007. Interest, 7.2%.	114		10	104
Sewer assessment loans due 2016. Interest, 5.65%.	41		2	39
Total loans payable	715		38	677
Vacation liability (compensated absences)	1,797	1,945	1,697	2,045
Total General Long-term Obligations	$191,813	$46,260	$42,935	$195,138

(1) Defeased February 1, 1998

Internal Service Funds capitalized lease obligation and loan payable principal activities for the year ended June 30, 1998 are as follows:

Capital Lease Obligations:	Outstanding June 30, 1997	Incurred	Retired	Outstanding June 30, 1998
Telephone Fund:				
Lease/Purchase dated March 1, 1995, due 2000. Interest, 4.25 to 4.85%.	$ 355	$	$113	$ 242
Data Processing Fund:				
Lease/Purchase dated June 15, 1993, due 1998. Interest, 5.35%.	33		33	
Lease/Purchase dated March 1, 1995, due 2000. Interest, 4.25 to 4.85%.	237		76	161
Lease/Purchase dated March 21, 1996, due 1999. Interest, 4.2 to 4.55%.	1,120		600	520
Lease/Purchase dated September 1, 1997, due 2002. Interest, 0%.	249		60	189
Total Data Processing Fund	1,639		769	870
Total Internal Service Funds	$1,994	$	$882	$1,112

Loan payable:	Outstanding June 30, 1997	Incurred	Retired	Outstanding June 30, 1998
Data Processing Fund:				
Loan for Year 2000 Remediation due 2003. Interest, 3.75% to 4.90%.	$	$4,300	$	$4,300

The following is a schedule of future minimum lease payments under capital leases (excluding executory costs), together with the present value of total minimum lease payments at June 30, 1998:

Fiscal Year	General Long-Term Obligation	Internal Service Fund	Total Lease Obligations
1999	$ 7,957	$ 803	$ 8,760
2000	7,812	271	8,083
2001	6,876	60	6,936
2002	6,396	9	6,405
2003	6,390		6,390
Thereafter through 2018	52,801		52,801
Total minimum lease payments	88,232	1,143	89,375
Less interest amount	(24,286)	(31)	(24,317)
Present Value of minimum lease payments	$ 63,946	$1,112	$ 65,058

The assets under capitalized leases recorded in the General Fixed Assets Account Group and the Internal Service Funds were capitalized at original costs of $61,557 and $3,423, respectively.

In addition to the above payments, the County is liable for 10.98% of substantially all operating costs of the Portland Building held under capital lease in the General Fixed Assets Account Group. The amount paid for fiscal year 1998 was $344.

The County also leases various property and equipment under operating leases. Total minimum lease payments (excluding executory costs) required under such operating leases are as follows:

Fiscal Year	Amount
1999	$3,585
2000	2,773
2001	1,243
2002	908
2003	726
Thereafter	542
	$9,777

Operating lease payments (excluding executory costs) during fiscal year 1998 aggregated $2,760.

Defeased Certificates of Participation

Advance Refunding: On February 1, 1998, the County issued $28,685 in Certificates of Participation (COPS) with a net interest cost of 4.53% to advance refund $30,200 in the outstanding Series 1992A COP issue with interest rates ranging between 5.10% to 5.90%. The net proceeds of $28,886 (after payment of $238 in underwriting fees and other issuance costs) plus $3,035 of reserve fund monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the Series 1992A. As a result, the $30,200 in COPS are considered to be defeased and the liability for those certificates has been removed from the General Long-Term Debt Account Group.

The County advance refunded the COPS to reduce its total debt service payments over the next 15 years by $2,479 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of $1,005.

Details for the advance refunding for the COPS are as follows:

	1992A
Face amount of new issue	$28,685
Outstanding balances of advance refunded issue at date of defeasance	$30,200
Net proceeds of new issue	28,886
Additional funds provided by reserve accounts	3,035
Funds used to acquire U.S. Securities deposited into irrevocable trusts	$31,921
Reduction in aggregate debt service payments over the life of the new issue	$ 2,479
Economic gain from advance refunding	$ 1,005

In prior years, the County defeased certain certificates of participation issues by placing the proceeds of the new certificates in irrevocable trusts to provide for all future debt service on the old certificates. Accordingly, the trust account assets and related liability for the defeased certificates are not included in the County's financial statements. At June 30, 1998, the amount of these certificates outstanding totaled $7,426.

Conduit Financing

On November 1, 1997, the County has issued $31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund $17,750 of the Series 1994 issue.

The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of moneys received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds.

Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements.

As of June 30, 1998, $30,565 of Educational Facilities Revenue Bonds were outstanding.

NOTE 13. Arbitrage Payable:

Under certain conditions, the Tax Reform Act of 1986 requires governmental units to remit excess arbitrage earnings arising from invested bond proceeds to the Internal Revenue Service. At June 30, 1998, the County recorded a liability of $838 in the combined financial statements for such estimated excess arbitrage earnings.

NOTE 14. Risk Management:

Multnomah County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Multnomah County has established an Insurance Fund (an internal service fund) to account for risk management activities, including payment of insurance policy premiums, payment of claims, loss control and prevention activities, including risk assessment, training and consultation to reduce the frequency and severity of loss, and to finance its uninsured risks of loss. Under this program the Insurance Fund provides risk of loss coverage as follows:

- General liability, bodily injury and property damage of third parties resulting from the negligence of Multnomah County or its employees and errors or omissions risks: These risks are covered by the Insurance Fund;
- Property damage to County-owned facilities: The property coverage covers individual claims in excess of $50 for other perils and extra expense, and $250 for flood, and $100 for earthquakes;
- Workers' compensation, bodily injury or illness to the employees while in the course of employment: Individual workers' claims up to $500 are covered by the Insurance Fund. The County has an insurance policy for any claim that exceeds $500;
- Employee medical, dental, vision, life insurance, and disability benefits: The County has a portion of these benefits covered by insurance and the remaining benefits are covered by the Insurance Fund. On the portion covered by the Insurance Fund, the County has stop loss protection for medical claims per individual that exceed $250; and
- Unemployment insurance: All unemployment claims are covered by the Insurance Fund.

Multnomah County did not have any significant reduction in insurance coverage from the prior year. The County has not experienced settlements in excess of insurance coverage in prior years. An actuarial valuation and estimates of liabilities for unpaid claims were prepared by an independent actuary in October 1998. Multnomah County also monitors risk activity to ensure that proper reserves are maintained. Various County funds participate in the program. The Insurance Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to the various funds based upon actuarial estimates of the amounts needed to pay prior and current year claims and to establish sufficient reserves. This charge considers recent trends in actual claims experience of the County as a whole. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, other economic and social factors, and specific, incremental claim adjustment expenses. The estimated claims liability of $6,201 reported in the Insurance Fund at June 30, 1998 was established in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, which requires a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimated claims liability at fiscal year end does not include the Insurance Fund's operational accounts payable in the sum of $1,880. A portion of the loss reserves have been discounted, with the actuary using the estimated payout pattern for liability and workers' compensation and an assumed investment rate of 5% in preparing estimates. Multnomah County does not purchase annuity contracts from commercial insurers to pay any aggregate amount of outstanding claims liability. Changes in the Insurance Fund self insured claims liability, including an estimate of the ultimate cost of the claims and incurred but not reported claims, for fiscal years 1997 and 1998 were:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
1997	$6,337	$7,769	$7,436	$6,670
1998	6,670	9,199	9,668	6,201

NOTE 15. Fund Equity and Contributed Capital:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not available for expenditures or legally segregated for a specific future use. During the year, contributed capital in the Enterprise and Internal Service Funds changed as follows:

	Enterprise Funds	Internal Service Funds
Balance, June 30, 1997	$2,905	$7,601
Add:		
Contributions from connection fees	10	
Contributions from customers	159	
Transfer of equipment from General Fixed Assets		266
Transfer of equipment from Data Processing Fund, an Internal Service Fund		13
	169	279
Deduct:		
Disposals	(16)	
Balance, June 30, 1998	$3,058	$7,880

NOTE 16. Post Retirement Health Care Benefits:

In addition to providing pension benefits, the County provides certain health care and life insurance benefits for retired County employees. Substantially all of the County's employees are eligible for life insurance benefits when they reach normal retirement age.

The County provides a portion of health care benefits to substantially all County employees. The County pays one-half (50%) of the monthly medical insurance premium from the retiree's fifty-eighth birthday or date of retirement, whichever is later, until the retiree's sixty-fifth birthday. These health care benefit obligations are required by labor bargaining agreements and the exempt employee ordinance. The cost of retiree health care and insurance benefits is recognized as an expense in the Insurance Fund as claims are incurred. For fiscal year 1998, those costs totaled $148, net of payments made by retirees.

The County funds the actuarially determined amount of medical benefits that will be payable in the future for retirees' health insurance.

The accrued costs of all benefits are measured by the projected "unit credit actuarial cost method." The unfunded actuarial liability created is amortized as a level percentage of salary over a thirty-year period.

Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 6.0%, (b) projected salary increases starting at 6.0% at age 20 and gradually declining to 4.0% at age 60; and (c) trend rate increases starting at 8.0% in year one and gradually declining to 5.0%. The actuarial calculation used to determine the post-retirement benefit obligation assumed two costs for the insurance claims. The County is using retiree costs that are 150% of the average costs for all covered participants. This cost is more in line with actual costs.

The applicable funding rate established by an actuarial review for fiscal year 1998 is 1.07% of the County's payroll, and the County's contribution has met the actuarial requirements. Following is the activity and the funding status of the post retirement health care benefits for the last five years.

Fiscal Year	Number of Retirees Covered	Premium Received	Claim/Premium Incurred	Net Costs
1994	270	469	(853)	(384)
1995	231	487	(822)	(335)
1996	221	538 (1)	(732)	(194)
1997	228	519 (1)	(595)	(76)
1998	333	681 (1)	(829)	(148)

FUNDING STATUS (2)	1994	1995	1996	1997	1998
Post-retirement benefit obligation	$9,724	$9,724 (3)	$11,040	$11,040	$10,788
Net assets available for benefits	4,938	7,082	9,859	9,738	9,023
Total unfunded liability	$4,786	$2,642	$ 1,181	$ 1,302	$ 1,765

(1) All or a portion of the premiums are paid directly to the County's third party administrator by the retirees.
(2) Actuarial valuation done every other fiscal year.
(3) The County's 500 correction officers are included due to bargaining agreement not previously covered.

NOTE 17. Pension Plans and Deferred Compensation:

State of Oregon Public Employees Retirement System (PERS) Plan Description

Substantially all County employees are participants in PERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental units in the

State of Oregon. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing:

PERS
PO Box 23700
Tigard, OR 97281-3700

The County's payroll for employees covered by PERS for the year ended June 30, 1998, was $160,197. The County's total payroll was $170,627.

All full-time County employees are eligible to participate in PERS. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 (Tier 1) or at age 60 (Tier 2) with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Tier 1 applies to employees hired on or after January 1, 1996. Tier 2 applies to employees hired or vested prior to January 1, 1996. Compulsory retirement age is 70. Retirement benefits are based on salary and length of service, are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes. The information for retirees, beneficiaries or terminated employees entitled to benefits but not yet receiving them is not presented because PERS pools the risk related to such employees among all employers. PERS fully funds these obligations at the time of retirement or separation from service. Accordingly, the following information covers only current employees.

Funding Policy and Annual Pension Cost

The County is required by the rules applicable to PERS employers to contribute 10.66% of covered employees' salaries to PERS. The contribution rate is determined based on actuarial valuations which are performed by PERS at least every two years. The County withholds the required 6% employee contribution from all employees' paychecks.

PERS' policy provides for actuarially determined periodic contributions that are sufficient to pay benefits when due. Based on the assumptions of the December 31, 1997 actuarial valuation, the County's required contribution, including employees' contributions, was equal to the annual pension cost of $26,689.

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/96	$23,900	100%	0
6/30/97	23,902	100%	0
6/30/98	26,689	100%	0

Significant actuarial assumptions used in the most recent valuation (December 31, 1997) include (a) a rate of return on the investment of present and future assets of 8% per year, (b) projected salary increases of 4.0% per year attributable to general wage adjustments, (c) additional increases for promotion and longevity that may vary by age and service, (d) projected automatic cost-of-living benefit increases of 2% per year (the maximum allowable), and (e) demographic assumptions that have been chosen to reflect our emerging experience of the members of the system, and are the same as those used to compute the actuarially required contributions. The entry age actuarial cost method and level percentage amortization method are used. A thirty year amortization period is used. The actuarial value of assets is based on market value.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
12/31/93	$147,577	$249,433	$101,856	59%	$122,873	83%
12/31/95	201,614	330,154	128,540	61%	142,614	90%
12/31/97	291,095	449,588	158,493	65%	155,915	102%

Information for years prior to those shown is not available from PERS.

Multnomah County Library Retirement Plan

The Multnomah County Library Retirement Plan (the Plan) is a single employer defined benefit Plan. Prior to July 1, 1990, the Plan was administered by the Library Association of Portland (LAP) which was a not-for-profit organization. The Principal Mutual Life Insurance Company (Insurance Company) is contracted by the County to be the trustee of the Plan. All employees transferred are now covered by PERS.

All former LAP full-time and part-time employees who were 21 years of age or older and had completed two years of service were eligible to participate in the Plan. Benefits vested after two years of continuous service. Retirement is allowed at age 65 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are based on salary and length of service, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. The Plan also provides death benefits.

Current employees consist of 155 participants who are fully or partially vested in their accrued monthly benefits and 0 participants who are only vested in their accumulated employee contributions. Current employees have an annual covered payroll of $5,433. The total payroll and covered payroll are the same because the plan is frozen. There are 124 retired participants currently receiving benefits.

The benefits for retired participants are guaranteed by the Insurance Company with investments in Immediate Participation Guarantee Contracts. As a result the related assets and liabilities are excluded for funding purposes.

Funding Policy and Annual Pension Cost

The Board of County Commissioners establishes and may amend the contribution requirements of the Plan. There are no contribution requirements for employees. The annual required contribution (ARC) of the employer was $128, based on a contribution rate of 2.3%. The actual contribution was $79. The actuarial assumptions and methods used in the most recent valuation (January 1, 1998) were as follows:

Actuarial cost method:	Projected unit credit
Amortization method:	Level dollar, closed
Amortization period:	20 years
Asset valuation method:	Contract value
Investment rate of return:	7.25%
Projected salary increase:	5.88 - 9.10%
Cost of living adjustments:	Consumer Price Index (limited to 2%)

Summary of Significant Accounting Policies

The assets of the plan consist of unallocated insurance contracts and therefore are appropriately valued at contract value. Employer contributions to the plan and benefits are recognized when due.

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contribution	Net Pension Obligation
6/30/97	$ 48	100%	$ 0
6/30/98	129	61.2%	50

Information for previous years was not available.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
1/1/96	6,212	6,515	95.4%	303	5,475	5.5%
1/1/97	6,390	6,656	96.0%	266	5,572	4.8%
1/1/98	5,655	6,715	84.2%	1,060	5,433	19.5%

Deferred Compensation Plan

The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. During fiscal year 1998, the County adopted GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and entered into trust agreements with the Plan providers in order to comply with the requirements of subsection (g) of IRC Section 457. The Plan, available to all permanent County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

All assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

The amount deferred, adjusted to fair market value at June 30, 1998, and investment earnings thereon amount to $74,445. The amounts accumulated under the deferred compensation plan, including investment earnings, are excluded from the financial statements of the County.

No plan assets have been used for purposes other than the payment of benefits.

It is the opinion of County Counsel that the County has no fiduciary responsibilities under the Plan.

NOTE 18. Commitments and Contingent Liabilities:

Additional commitments under contracts at June 30, 1998 are as follows:

General Fund	$ 670
Special Revenue Funds	10,553
Capital Projects Funds	16,602
Internal Service Funds	2,867
	$30,692

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, could become a liability of the County.

Various claims and lawsuits against the County are pending. These claims are either covered by insurance or are the type which are normal in view of the County's operations. County management believes the total amount of liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the County's financial condition or its ability to carry on its activities substantially as now conducted.

NOTE 19. Segment Information for Enterprise Funds:

The County's Enterprise Funds account for the financing of predominantly self-supporting activities to the public on a user charge basis including lighting and sewer services, and mental health care claims administration.

Segment information at June 30, 1998 and for the year then ended is as follows:

	Sewer	Lighting	Behavioral Health Managed Care	Total
Operating revenue	$ 238	$ 179	$20,539	$20,956
Depreciation expense	28	71	19	118
Operating income (loss)	19	(69)	(81)	(131)
Operating transfers in			1,485	1,485
Net income (loss)	60	(23)	1,596	1,633
Current capital contributions and transfers	10	159		169
Property, plant and equipment:				
Additions at cost		159	2	161
Deletions at cost		21	20	41
Net working capital	739	833	2,725	4,297
Total assets	1,377	1,485	5,789	8,651
Total equity	1,337	1,472	2,725	5,534

NOTE 20. Year 2000 Preparations:

The County has and continues to treat Year 2000 compliance as a serious issue with the potential for significant impact on County business functions. The County views Year 2000 compliance efforts as a business issue and not merely an information technology issue. The County has investigated and analyzed the impact of the Year 2000 date change on electronic information systems and other aspects of the County's operations. The County has established a Year 2000 Project Office with oversight responsibility for Year 2000 compliance activity. The areas of responsibility include:

- Assessment and remediation of legacy/centralized systems.
- Assessment and remediation of non-information technology embedded microprocessor systems.
- Internal and external information technology interfaces.
- Contingency planning.
- Public awareness.
- Legal and risk management issues.
- Oversight of assessment, prioritization and remediation of County departments' decentralized information technology systems.

In fiscal year 1998, the County budgeted $4,300 to assess and remediate central/legacy systems. Individual departments included funds in their respective department budgets to address each individual department's Year 2000 compliance issues. As of June 30, 1998, the County has expended $2,988 of the $4,300 to remediate Year 2000 compliance issues.

The County retained COMSYS Technical Services, Inc. to assess and remediate the centralized information technology systems residing on the County's enterprise server. The County has also been working with departments, suppliers, external business partners and customers to assess and remediate all non-compliant mission critical information technology and non-information technology applications.

As of June 30, 1998, the County has accomplished the following Year 2000 activities:

- Adopted a Year 2000 acquisition and contracting policy requiring all information, technology, and non-technology equipment, software, etc. be Year 2000 compliant. The policy includes boilerplate language to be included in County contracts or intergovernmental agreements requiring parties doing business with the County to provide services, data and/or goods that meet the definition of Year 2000 compliant.
- Adopted a certification policy requiring all County Departments to report progress made on Year 2000 departmental projects to the Year 2000 Project Office.
- Inventoried and assessed all legacy/central systems and client server applications.
- Inventoried and assessed 75% of all personal computers.
- Inventoried and assessed phone system, LAN's and WAN's.
- Inventoried and assessed 25% of all non-information technology systems.
- Inventoried and evaluated 25% of the County's supply chain.
- Formed partnerships with certain external partners to test Year 2000 technology interfaces.
- Board of County Commissioners and upper level management has been briefed several times on status of Year 2000 progress.

Three major mission critical systems that the County relies on are the property tax assessment and collection system, accounting system and payroll system. The status of these three systems is as follows:

- The County has acquired and is in the process of installing a Year 2000 compliant property tax system. It is expected this system will be installed by December 31, 1998.
- The County has received a Year 2000 compliant upgraded version of its accounting system, and is in the process of testing the system and expects to convert to the upgraded version in March 1999.
- The County has received a Year 2000 compliant upgraded version of its payroll system, and is in the process of testing the system and expects to convert to the upgraded version in October 1998.

By March 1999 the County expects to complete its Year 2000 project and have a contingency plan developed in the event the County does not have mission critical systems Year 2000 compliant by December 31, 1999.

NOTE 21. Subsequent Events:

On July 1, 1998, the County issued $11,000 in Tax and Revenue Anticipation Notes to meet anticipated cash flow requirements prior to the collection of property taxes in December. The yield is 3.50%, and the notes mature on June 30, 1999. The notes are rated MIG1 by Moody's Investors Service, Inc.

On October 1, 1998, the County issued Revenue Bonds, Series 1998, in the amount of $3,155 to finance the costs of construction, renovation, improvement and equipping of certain facilities located on County-owned property known as the Regional Children's Campus, Inc. ("RCC"), to be operated as a children's services center. The County has pledged its Motor Vehicle Rental Tax revenues as the source of repayment of the bonds. The total interest cost is 4.52%. The bonds are rated A3 by Moody's Investors Service, Inc.

On October 14, 1998, the County received notification from the State of Oregon Public Employees Retirement System (PERS) of revised employer contribution rates adopted by the PERS Board. These revised contribution rates were the result of PERS' regular two-year actuarial update; and are based on actuarial values as of December 31, 1997. Based on this update, the County's unfunded actuarial liability with PERS increased from $128,540 to $158,493. The reasons for this increase are complex but relate primarily to decisions made by the State regarding the taxation of PERS retirement benefits, costs associated with retirement benefits under the "Money Match" option, and changes in economic and demographic assumptions. The County's employer contribution rate of covered payroll will increase from 10.66% to 12.36% effective July 1, 1999. This increased contribution rate will cost the County an estimated $3,000 annually. The full text of the County's 1997 actuarial valuation should be read to gain a better understanding of the PERS rate changes.

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Tax and Revenue Anticipation Notes, Series 1999 (the "Notes"). The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Note certificate will be issued for the Notes in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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APPENDIX E

BOND COUNSEL OPINION

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[FORM OF OPINION OF BOND COUNSEL]

December 8, 1999

Multnomah County, Oregon
1120 S.W. Fifth Avenue, 14th Floor
Portland, Oregon 97204

Re: ***$184,548,160.15 Multnomah County, Oregon***
Limited Tax Pension Obligation Revenue Bonds, Series 1999
(Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to Multnomah County, Oregon (the "County") in connection with the authorization, sale and issuance by the County of its Limited Tax Pension Obligation Revenue Bonds, Series 1999 (Federally Taxable) (the "Bonds"), which are dated December 1, 1999, and which are in the aggregate principal amount of $184,548,160.15. The Bonds are issued pursuant to Oregon Revised Statutes Sections 288.805 to 288.945, Resolution No. 99-176 adopted by the Board of County Commissioners of the County on September 9, 1999 and Resolution No. 99-218 adopted by the Board of County Commissioners of the County on November 4, 1999 (collectively, the "Resolution"). The Bonds are being issued to finance the estimated unfunded actuarial liability of the County to the Oregon Public Employees Retirement System, to pay capitalized interest and to pay Bond issuance costs associated therewith as described in the Resolution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

We have examined the applicable law, a duly certified transcript of proceedings of the County, prepared in part by us, and other documents which 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 material relating to the Bonds, and we express no opinion relating thereto.

For questions of fact material to our opinion, we have relied on the representations of the County contained in the Resolution and in the certified proceedings and other certificates of public officials furnished to us, without undertaking to verify the same by independent investigation.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

The Resolution and the Bonds have been legally authorized and issued under and pursuant to the Constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the County, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the County.

2 The County has pledged its full faith and credit to the payment of interest on and the principal of the Bonds as the same become due and payable. The Bonds shall be limited tax revenue bonds of the County and the County shall pay the Bonds from Available General Funds. The County is not authorized to levy additional taxes to pay the Bonds.

3 The interest on the Bonds is exempt from present personal income taxation by the State of Oregon.

Our opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility for 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 the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

We have served only as bond counsel to the County and have not and are not representing any other party in connection with the Bonds and no attorney-client relationship shall arise by virtue of our addressing this opinion to persons other than the County.

Respectfully submitted,

ATER WYNNE LLP

By:

Ann L. Sherman

APPENDIX F

CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated December 8, 1999, is executed and delivered by Multnomah County, Oregon (the "County") in connection with the execution and delivery of the Limited Tax Pension Obligation Revenue Bonds, Series 1999 (Federally Taxable) (the "Bonds"), dated as of December 1, 1999 and issued in the aggregate principal amount of $184,548,160.15. The Bonds are authorized pursuant to Resolution No. 99-176 adopted by the Board of County Commissioners of the County on September 9, 1999 and Resolution No. 99-218 adopted by the Board of County Commissioners of the County on November 4, 1999 (collectively, the "Resolution"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution. The County covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the County for the benefit of registered and beneficial holders of the Bonds and to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (17 CFR Pt. 240, ' 240.15c2-12) (the "Rule").

Section 2. County's Representation Regarding Outstanding Municipal Securities. The County, as the "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), the financial information regarding the County of the type set forth in the final official statement dated November 18, 1999 (the "Official Statement") under the following tables:

ANNUAL DISCLOSURE INFORMATION

! Debt Information

TABLE 3	-	Debt Ratios
TABLE 4	-	Outstanding Obligations
TABLE 5	-	Cash Deposits and Investments

! General Fund Financial Information

TABLE 6	-	Five-Year General Fund Statement of Revenues and Expenditures
TABLE 7	-	Five-Year General Fund Consecutive Balance Sheets
TABLE 8	-	Bargaining Units

The annual financial information described above will be available no later than 270 days after the end of the preceding fiscal year, beginning with the County's fiscal year ending June 30, 1999. Such information will include audited financial statements prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time; provided, however, that if audited financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S. Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The County agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

a. principal and interest payment delinquencies;

b. non-payment related defaults;

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 or events affecting the tax-exempt status of the Bonds;

g. modifications to rights of holders of the Bonds;

h. bond calls;

i. defeasances;

j. release, substitution, or sale of property securing repayment of the Bonds; and

k. rating changes.

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

Section 4. Failure to File Annual Financial Information. The County agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the County to provide the annual financial information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The County may, from time to time, engage or appoint an agent to assist the County in disseminating information hereunder (the "Dissemination Agent"). The County may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the County's obligations hereunder shall terminate if and when the County no longer remains an obligated person with respect to the Bonds, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Bonds. In addition, and notwithstanding the provisions of Section 8 below, the County may rescind its obligations under this Certificate, in whole or in part, if (i) the County obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Bonds, and (ii) the County notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The County agrees that this Certificate is intended to be for the benefit of the holders of the Bonds and shall be enforceable by or on behalf of such holders; provided that, the right of Bondholders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Bondholders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds. This Certificate confers no rights on any person or entity other than the County, holders of the Bonds, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the County may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the County (such as bond counsel), or by approving vote of holders of the Bonds pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 8th day of December, 1999.

MULTNOMAH COUNTY, OREGON

By: ________________________________

David A. Boyer
Director, Finance Division

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APPENDIX G

SPECIMEN BOND INSURANCE POLICY

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MBIA

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

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

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

SPECIMEN

Attest:

Assistant Secretary

STD-R-6
4/95

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