Official Statement Dated June 9, 2004

NEW ISSUE	**Rating: Moody's MIG-1**
BOOK-ENTRY-ONLY	**See “Rating” herein**

In the opinion of Preston Gates & Ellis LLP, Portland, Oregon, Note Counsel to the County, assuming compliance with certain covenants of the County, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Notes is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Notes may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption “Tax Exemption” herein. Under the laws of the State of Oregon, as currently enacted and construed, the interest on the Notes is exempt from Oregon personal income tax.

MULTNOMAH COUNTY, OREGON

$20,000,000 Tax and Revenue Anticipation Notes, Series 2004

DATED: July 1, 2004 (Date of Delivery) **DUE: June 30, 2005**

Interest Rate	Yield	CUSIP No.
3.000%	1.550%	625506 KT6

Security: The County’s ad valorem property taxes, subject to the limits of Article XI, Section 11 and 11b of the Oregon Constitution and the full faith and credit of the County, including all unobligated revenues in the County’s general fund, are irrevocably pledged to the punctual payment of principal of and interest on the Notes. A separate account (the "Account") is held by the County as a special segregated account for the payment of the principal of and interest on the Notes. The County has covenanted to deposit into the Account by June 1, 2005 sufficient amounts to pay principal and interest due on the Notes at maturity.

Use of Proceeds: The Notes are issued pursuant to Oregon Revised Statutes 288.165 and Resolution No. 04-067 adopted May 20, 2004 by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $20,000,000 to meet current expenses of the County, incurred or to be incurred, during the fiscal year 2004-2005.

Payment Provisions: Principal and interest on the Tax and Revenue Anticipation Notes, Series 2004 (the “Notes”) are payable at maturity on June 30, 2005 at the corporate trust office of J.P. Morgan Trust Company, National Association, Seattle, Washington as the Paying Agent of Multnomah County, Oregon (the “County”). The Notes are not subject to redemption prior to their stated maturity.

Interest Computation: Interest on the Notes will be computed on a 30-day month, 360-day year basis, with no compounding of interest.

Book-Entry Only: The Notes are issued only as fully registered notes without coupons, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC is to act as Securities Depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in Notes purchased. Purchasers will be recorded in book-entry form by DTC. Payment of principal and interest on the Notes will be made to DTC or, in certain instances, Participants. So long as Cede & Co. is the Owner, as nominee of DTC, references herein to the Owners or registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. See APPENDIX B: "BOOK-ENTRY ONLY SYSTEM" herein. So long as DTC or its nominee, Cede & Co., is the Owner, principal and interest payments are to be made directly to DTC. If the book-entry system is discontinued, principal and interest on the Notes will be payable upon presentation and surrender of each Note at the corporate trust office of J.P. Morgan Trust Company, National Association in Seattle, Washington.

Not Bank Qualified: The County has not designated the Notes as “qualified tax-exempt obligations” pursuant to Section 265 of Internal Revenue Code of 1986, as amended, (the "Code").

Delivery: The Notes are offered when, as and if issued and accepted by the successful Proposer, subject to a final approving opinion of Preston Gates & Ellis LLP, Portland, Oregon, Note Counsel to the County. It is expected that the Notes will be available for delivery through the facilities of DTC in New York, New York or through the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about July 1, 2004.

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.

Banc of America Securities LLC

OFFICIAL STATEMENT

Of

MULTNOMAH COUNTY, OREGON

501 S.E. Hawthorne Blvd., Suite 531
Portland, Oregon 97214
(503) 988-3312
Website: www.co.multnomah.or.us*

Relating to:

$20,000,000 Tax and Revenue Anticipation Notes, Series 2004

Board of Commissioners
Diane Linn, Chair of the Board
Maria Rojo de Steffey
Serena Cruz
Lisa Naito
Lonnie Roberts

Department of Business and Community Services
David A. Boyer, CCM, Chief Financial Officer
Harry S. Morton, CCM, Treasury Manager

Note Counsel
Preston Gates & Ellis LLP
Portland, Oregon

Paying Agent
J.P. Morgan Trust Company National Association
Seattle, Washington

Financial Advisor
Regional Financial Advisors, Inc.
Portland, Oregon

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

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* This inactive textual reference to the County's website is not a hyperlink and the County's website, by such reference, is not incorporated herein.

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OFFICIAL STATEMENT
MULTNOMAH COUNTY, OREGON
$20,000,000
TAX AND REVENUE ANTICIPATION NOTES, SERIES 2004

THE NOTES

AUTHORIZATION

The Notes are being issued pursuant to Oregon Revised Statutes Section 288.165 and Resolution No. 04-067, adopted May 20, 2004, by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $20,000,000 to meet current expenses for fiscal year 2004-2005 pending the collection of the annual property taxes and other budgeted and unpledged revenues for such fiscal year. Oregon Revised Statutes Section 288.165 requires that notes issued in anticipation of taxes or revenues shall at no time exceed, in aggregate, 80 percent of the amount budgeted by the County to be received during the 2004-05 fiscal year. The Notes represent approximately 11 percent of the County's budgeted 2004-05 General Fund property taxes.

SECURITY

The County’s ad valorem property taxes, subject to the limits of Article XI, Section 11 and 11b of the Oregon Constitution and the full faith and credit of the County, including all unobligated revenues in the County’s general fund, are irrevocably pledged to the punctual payment of principal of and interest on the Notes. A separate account (the "Account") is held by the County as a special segregated account for the payment and redemption of the principal of and interest on the Notes. The County has covenanted to deposit by June 1, 2005 into the Account sufficient amounts to pay principal and interest due on the Notes at maturity. The County anticipates depositing the full amount into the Account in December 2004.

SOURCES AND USES OF FUNDS

The sources and uses of the Notes are as follows:

Sources of Funds	
Par Amount	$20,000,000.00
Original issue premium	284,600.00
Total sources of funds	**$20,284,600.00**
Uses of Funds	
Costs of Issuance	$30,570.00
Underwriter's discount	10,587.00
Proceeds after Costs	20,243,443.00
Total uses of funds	**$20,284,600.00**

Source: Multnomah County.

FORM AND TERMS

The Notes offered hereby will be dated the date of closing, July 1, 2004 and are issuable as registered notes without coupons in book-entry form in the denomination of $5,000 or integral multiples thereof.

Maturity: Principal and interest on the Notes are payable at maturity on June 30, 2005.

No Call Feature: The Notes are non-callable prior to their stated maturity.

Interest Computation: Interest on the Notes will be computed on a 30-day month, 360-day year basis, with no compounding of interest.

Record Date: June 15, 2005.

Paying Agent: J.P. Morgan Trust Company, National Association in Seattle, Washington.

Delivery: It is expected that the Depository Trust Company will credit accounts for beneficial owners on or about July 1, 2004.

ESTIMATED CASH FLOW 2004-05

The County is issuing $20,000,000 Tax and Revenue Anticipation Notes, Series 2004, to provide for current expenses for cash needs in its General Fund. Property tax collections and other significant revenue sources flow into the County at intervals that do not coincide with expenditures. The County has therefore found it necessary, pursuant to the authority under Oregon Revised Statutes Section 288.165, to issue tax and revenue anticipation notes to meet its needs for current expenses until property tax revenues and other revenues for the fiscal year 2004-05 are received; provision having been made in its adopted budget for the fiscal year.

The County certifies that its permanent tax rate is $4.34, i.e., the County is authorized to collect $4.34 for every thousand dollars of Assessed Value of every property in the County, every year. See the section "Property Tax and Valuation Information" for further explanation of the difference between Assessed Value and Real Market Value and for a discussion of the taxation system in general.

The 2004-05 Budget assumes overall growth in Assessed Value of 2.8%. The County expects additional new construction worth approximately $1.5 million to be added to the tax roll in addition to the general 3% increase. The total increase will be reduced by about 1.2% for industrial, commercial and urban renewal properties that will decrease the amount available to the General Fund.

The combination of Assessed Value and the permanent tax rate will produce approximately $183.9 million in property tax revenue for the operation of General Fund County programs in 2004-05. This amount includes provisions for prior year collections but does not include property taxes for the local option library levy or general obligation bonded debt levies.

The following table depicts the County's General Fund monthly cash flow projections for fiscal year 2004-05.

TABLE 1 -- Monthly Cash Flow Projections for Fiscal Year 2004-05[1] ($000)

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$41,012	$43,235	$21,035	$9,545	($1,762)	$70,612	$77,962	$48,691	$18,878	$9,717	$30,609	$41,243	$41,012
Property Taxes	0	0	0	824	100,044	50,812	2,680	1,406	7,303	1,202	1,274	11,254	176,798
Other Taxes	0	164	5,412	6,026	5,067	3,959	453	619	7,910	49,683	82,897	8,942	171,132
Intergovernmental	2	267	23	1,403	7,584	28	957	630	36	60	5,296	4,303	20,588
Interest	177	109	112	55	82	74	37	95	74	278	17	255	1,366
Other Receipts	642	940	1,080	1,451	643	1,230	667	856	816	724	694	1,971	11,713
TRAN Proceeds	20,000	0	0	0	0	0	0	0	0	0	0	0	20,000
Cash Transfers	0	628	0	55	109	63	32	65	68	0	56	41	1,117
Service Reimbursements	553	607	648	769	679	667	625	842	2	2	725	2,194	8,311
Total Available Cash	$62,386	$45,950	$28,308	$20,126	$112,446	$127,445	$83,412	$53,205	$35,086	$61,666	$121,568	$70,201	$452,037
TRANS Repaid[2]	$0	$0	$0	$0	$0	$20,500	$0	$0	$0	$0	$0	$0	$20,500
Payroll Costs	12,800	12,317	13,141	13,269	12,557	13,356	13,198	13,248	13,392	11,593	13,392	13,758	156,021
Material and Services	6,351	6,431	5,595	6,547	25,606	13,333	19,470	19,025	9,907	17,383	64,716	35,744	230,108
Capital Outlay	0	4	12	18	3	28	0	0	17	27	0	0	109
Cash Transfers	0	6,163	15	2,054	3,667	2,266	2,054	2,054	2,054	2,054	2,218	4,858	29,457
Total Disbursements	$19,151	$24,916	$18,763	$21,888	$41,834	$49,483	$34,722	$34,327	$25,370	$31,057	$80,326	$54,359	$436,195
Ending Cash	$43,235	$21,035	$9,545	($1,762)	$70,612	$77,962	$48,691	$18,878	$9,717	$30,609	$41,243	$15,842	$15,842

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. The County anticipates depositing the full amount into the Account in December 2004.

Source: Multnomah County.

The following table depicts the County's General Fund monthly cash flow for fiscal year 2003-04.

TABLE 2 -- Monthly Cash for Fiscal Year 2003-04[1] ($000)

	July (Actual)	August (Actual)	September (Actual)	October (Actual)	November (Actual)	December (Actual)	January (Actual)	February (Actual)	March (Actual)	April (Actual)	May (Estimated)	June (Estimated)	Total
Beginning Cash	$14,190	$38,359	$20,512	$6,259	($4,851)	$79,326	$81,125	$69,895	$50,732	$47,650	$67,451	$53,182	$14,190
Property Taxes	0	0	0	835	101,434	51,518	2,717	1,426	7,404	1,219	1,292	11,410	179,255
Other Taxes+ITAX	0	153	5,046	5,619	4,725	13,016	13,477	6,172	12,038	46,327	40,000	13,000	159,573
Intergovernmental	1	142	12	746	4,033	15	509	335	19	32	2,816	2,288	10,948
Interest	243	150	154	75	113	102	51	130	101	382	23	350	1,874
Other Receipts	1,502	2,199	2,526	3,394	1,505	2,878	1,560	2,004	1,910	1,694	1,623	4,611	27,406
TRAN Proceeds	40,000	0	0	0	0	0	0	0	0	0	0	0	40,000
Cash Transfers + grants	0	846	0	74	146	85	43	88	92	0	76	55	1,505
Service Reimbursements	315	346	369	438	387	380	356	480	1	1	413	1,250	4,736
Total Available Cash	$56,251	$42,195	$28,619	$17,440	$107,492	$147,320	$99,838	$80,530	$72,297	$97,305	$113,694	$86,146	$439,487
TRANS Repaid[2]	$0	$0	$0	$0	$0	$40,700	$0	$0	$0	$0	$0	$0	$40,700
Payroll Costs	12,932	12,444	13,277	13,406	12,687	13,494	13,334	13,536	13,530	11,713	13,530	13,900	157,783
Material and Services	4,960	5,023	9,056	7,456	12,969	10,413	15,206	14,859	9,690	16,700	45,467	27,916	179,715
Capital Outlay	0	6	17	26	5	40	0	0	24	38	0	0	156
Cash Transfers	0	4,210	10	1,403	2,505	1,548	1,403	1,403	1,403	1,403	1,515	3,318	20,121
Total Disbursements	$17,892	$21,683	$22,360	$22,291	$28,166	$66,195	$29,943	$29,798	$24,647	$29,854	$60,512	$45,134	$398,475
Ending Cash	$38,359	$20,512	$6,259	($4,851)	$79,326	$81,125	$69,895	$50,732	$47,650	$67,451	$53,182	$41,012	$41,012

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. $22 million of the $41 million ending balance is reserved for School and County programs supported by the County personal income tax to be used in fiscal year 2004-05.

Source: Multnomah County.

THE COUNTY

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 677,850 inhabitants as of July 2003. Portland, the county seat, was established in 1851 and is the state's largest city, with a July 2003 population of approximately 545,150. 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 Multnomah Building for greater citizen access.

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

TABLE 3 -- Multnomah County, Oregon – Principal Officers [1]

Title	Name	Service Began	Term Expires
Board of County Commissioners:			
Chair of Board	Diane Linn	Jun-01	12/31/06
District No. 1	Maria Rojo de Steffey	Jun-01	12/31/04
District No. 2	Serena Cruz	Jan-99	12/31/06
District No. 3	Lisa Naito	Jun-98	12/31/04
District No. 4	Lonnie Roberts	Jan-01	12/31/04
Other Officers:			
County Auditor	Suzanne Flynn	Jan-99	12/31/06
County District Attorney	Michael Schrunk	Jan-83	12/31/04
County Sheriff	Bernie Giusto	Jan-03	12/31/06
Chief Financial Officer	David A. Boyer	Apr-82	Not Elected
Treasury Manager	Harry S. Morton	Mar-94	Not Elected
County Attorney	Agnes Sowle	Mar-03	Not Elected

1. Petitions were circulated to gather signatures to recall Chair Diane Linn, Commissioners Lisa Naito, Maria Rojo de Steffey and Serena Cruz. Not enough qualified signatures were gathered to qualify for a special election to recall the Commissioners.

Source: Multnomah County.

Employees: At February 29, 2004, the County had 4,582 employees not including temporary employees. There are nine bargaining units representing 3,919 employees as listed in the following schedule. In addition, there are 663 management and exempt employees.

TABLE 4 -- Multnomah County, Oregon – Bargaining Units

Bargaining Unit	Employees	Contract Expires
General Employees (Local 88)	2,891	06/30/04[1]
Electricians (Local 48)	21	06/30/04
Operating Engineers (Local 87)	13	06/30/04
Paint Makers (Local 55)	2	06/30/04
County Corrections Officers Assn	464	06/30/04
Deputy Sheriffs Association	99	06/30/04
Oregon Nurses Association	283	06/30/04
Juvenile Group Workers (Local 86)	59	06/30/04
Prosecuting Attorneys Association	87	06/30/05
Total	**3,919**	

1. All contracts expiring on June 30, 2004 are currently in negotiations. County management does not anticipate any major issues to arise that will delay these negotiations.

Source: Multnomah County.

Services

Department of County Human Services: Services include:

Alcohol and other drug screening, assessment, treatment and prevention services;

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; and

Services through information and referral, gatekeepers and 24-hour access;

Case management/needs assessment, eligibility, case plan development and service monitoring;

Adult care home regulation and licensing;

Public Guardian/Conservatorship; and

Nutrition, transportation and in-home services.

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; and

Advocacy for the improved health of the community, particularly the medically underserved.

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; and

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; and

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

Department of Business and Community Services: Services include:

Finance, Budget and Tax is responsible for budget, general ledger, treasury functions and property assessment, tax collection, recording, property records management, property foreclosures, and Board of Equalization;

Business Services is responsible for the areas of personnel, collective bargaining agreements and employee benefits, workers' compensation, safety, payroll data processing, telecommunications, accounts payable, procurement, facilities management, fleet, records and inventory.

Community Services is responsible for all elections for governmental jurisdictions in Multnomah County; the community's animal ownership ordinances that protect people and animals and operating an animal shelter for lost, stray and unwanted animals, emergency services for the public's benefit prior to, during, and following an emergency situation, 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; and

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; and

Victims assistance.

Office of School and Community Partnerships: Services include:

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;

A network of community-based and culture-specific centers located throughout the County provides a full spectrum of programs for youth and families; and

Culturally-specific student retention programs designed to increase the number of minority youth who complete high school.

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 Attorney;

The Tax Supervising and Conservation Commission;

Multnomah Commission on Families and Children; and

Citizen Involvement Committee.

FINANCIAL INFORMATION

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 2002.

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 2002-03 was performed by Grant Thornton LLP, CPAs, Portland, Oregon. The auditors did not review this statement and offer no opinion regarding this Official Statement. A copy of the 2003 audit is available upon request to the County or can be found on the internet at www.co.multnomah.or.us/dbcs/finance/cafr2003/index.shtml.

NEW REVENUE SOURCE

In fiscal year 2003-04 the County began to collect a 1.25% voter approved County personal income tax to be used for County schools, health and senior care, and public safety. The first year of collection is expected to total $120 million to fund approximately $66 million of County school district services in fiscal year 2003-04 and about $32 million for County programs in fiscal year 2003-04 and provide for a carry over of about $22 million for school and County use in fiscal year 2004-05. About $15.5 million of the carryover is for schools and $6.5 million for County programs.

Two initiative petitions are being circulated and have until August 4, 2004 to collect 14,700 signatures to place the measures on the November 2, 2004 ballot. Both initiatives would repeal this income tax: one for the next two years and one for the full three years, requiring a refund. At this time the County is not able to determine if either measure will be on the November ballot.

TABLE 5 -- Five-Year General Fund Statement of Revenues and Expenditures ($000)

	1998-99	1999-00	2000-01[1]	2001-02	2002-03[2]
Revenues					
Taxes	$201,795	$209,657	$206,580	$213,153	$213,681
Licenses and permits	1,879	1,878	2,446	4,183	10,333
Intergovernmental	17,282	16,446	18,989	18,454	14,027
Charges for services	7,448	6,287	7,442	8,697	18,631
Interest	3,432	3,781	4,729	1,603	225
Other	23,172	26,106	21,234	23,490	7,322
Total revenues	255,008	264,155	261,420	269,580	264,219
Expenditures					
Current					
General government	18,416	19,519	20,064	34,714	45,453
Health and social services	12,818	13,911	13,445	17,835	72,454
Public safety and justice	84,769	93,085	103,309	107,136	136,750
Community services	29,546	13,461	14,477	--	--
Capital outlay	458	3,533	244	148	193
Debt service					
Interest	494	411	1,044	692	499
Total expenditures	146,501	143,920	152,583	160,525	255,349
Excess of revenues over (under) expenditures	108,507	120,235	108,837	109,055	8,870
Other financing sources (uses)					
Operating transfers in	1,078	1,518	999	975	6,518
Operating transfers (out)	(118,384)	(124,565)	(108,339)	(116,645)	(18,746)
Total other financing Sources (uses)	(117,306)	(123,047)	(107,340)	(115,670)	(12,228)
Excess of revenues and Other sources over (under) expenditures and other uses (Net change)	(8,799)	(2,812)	1,497	(6,615)	(3,358)
Fund Balance Beginning July 1	25,873	17,074	14,262	15,759	9,144
Fund Balance Ending June 30	$17,074	$14,262	$15,759	$9,144	$5,786

1. Beginning in fiscal year 1998-99 the County accounted for certain public safety revenues and expenditures in a Public Safety Fund. Property tax revenues were recorded in the General Fund and cash transfers were made to the Public Safety Fund. The Public Safety Fund was solely supported by the General Fund and was used for General Fund public safety programs. The fiscal year 2000-01 ending fund balance for the Public Safety Fund was $2,361 (rounded to thousands). Tables 7 and 8 show the Public Safety Fund Revenues and Expenses and Balance sheet since fiscal year 1998-99. Beginning in fiscal year 2002/03 the Public Safety Fund was abolished and all expenditures are accounted for in the General Fund.

   The ending fund balance does not agree to the beginning fund balance on Table 2 due to accruals of revenues and expenditures.

2. License and permits increased primarily due to increased recording fees as a result of low interest rates which allowed many property owners to refinance their loans; Intergovernmental revenues declined due to reductions in State shared and reduction in rent from federal marshal revenues; beginning in fiscal year 2003 the County records its internal service revenues as charges for services instead of under the other category,; interest revenue is down due to very low interest rates and unrecognized losses on investments and low cash balances. Beginning in fiscal year 2002/2003 the County began recording grant matching funds directly to the general fund programs that required matching funds. This resulted in an increase to program costs of about $94.8 million and decreased the cash transfers (other financing uses) by $97.9 million for a net difference of about $3 million.

NOTE: GASB 34 had no impact on the County's General Fund Statement of Revenues and Expenditures.

Source: Derived from audited annual financial statements.

TABLE 6 -- Five-Year General Fund Consecutive Balance Sheets ($000)

	1998-99	1999-00	2000-01[1]	2001-02	2002-03 [2]
Assets					
Cash and Investments	$14,928	$11,324	$17,954	$7,832	$14,190
Receivables:					
Taxes	8,072	9,380	13,551	13,866	12,963
Accounts	5,909	6,751	6,353	4,693	5,935
Loans	--	--	--	--	--
Interest	2,320	2,153	2,858	2,015	793
Special Assessments	22	22	11	11	10
Contracts	6,990	6,486	5,962	2,304	2,151
Due from other funds	--	725	5,410	--	--
Inventories	552	955	816	715	864
Prepaids and deposits	53	14	53	183	97
Total assets	$38,846	$37,810	$52,968	$31,619	$37,003
Liabilities					
Liabilities:					
Payrolls payable	--	--	$1,908	$1,986	$2,777
Accounts payable	$3,746	$4,552	15,816	8,787	17,465
Deferred revenues	14,275	14,916	15,132	11,702	10,975
Compensated absences	3,751	4,080	4,342	--	--
Amounts held in trust	--	--	11	--	--
Total liabilities	21,772	23,548	37,209	22,475	31,217
Fund Balances					
Reserved for inventories	552	955	816	--	864
Reserved for prepaid items	53	14	53	--	97
Unreserved, reported in:					
General Fund	16,469	13,293	14,890	9,144	4,825
Total equity and other credits	17,074	14,262	15,759	9,144	5,786
Total liabilities and fund equity	$38,846	$37,810	$52,968	$31,619	$37,003

1. Beginning in fiscal year 1998-99 the County accounted for certain public safety revenues and expenditures in a Public Safety Fund. Property tax revenues were recorded in the General Fund and cash transfers were made to the Public Safety Fund. The Public Safety Fund was solely supported by the General Fund and was used for General Fund public safety programs. The fiscal year 2000-01 ending fund balance for the Public Safety Fund was $2,361 (rounded to thousands). Tables 7 and 8 show the Public Safety Fund Revenues and Expenses and Balance sheet since fiscal year 1998-99. Beginning in fiscal year 2002-03 the Public Safety Fund was abolished and all expenditures are accounted for in the General Fund.

   On April 26, 2002 the Board of County Commissioners approved a supplemental budget placing $9,127 (rounded to thousands) in a newly created General Reserve Fund that is maintained separate from the General Fund and is to be used for disaster relief, expenditures related to essential services that are related to public safety and life issues. The balance of the General Reserve Fund as of June 30, 2003 was $9,609,000 (rounded to thousands).

   The increase reflected in total liabilities in 2000-01 is due primarily to the fact that the Public Safety Fund was rolled into the General Fund.

2. Cash and investments increased due to the timing of paying accounts payable liabilities. Cash and investments increased about $6.4 million and accounts payable liabilities increased by about $8.7 million. Interest receivables declined due to the timing of investments maturing closer to June 30 and timing of interest coupon payments being made just prior to June 30. The General Fund Balance declined due to the planned drawdown by the Board of County Commissioners to balance the 2003-04 budget.

NOTE: GASB 34 had no impact on the County's General Fund Balance Sheet.

Source: Derived from audited annual financial statements.

TABLE 7 -- Three-Year Public Safety Fund Statement of Revenues and Expenditures ($000)

	1998-99	1999-00	2000-01[1]
Revenues			
Intergovernmental revenue	$7,655	$9,589	$10,535
Charges for services	1	23	25
Interest income	561	527	594
Other revenues	75	77	79
Total revenues	8,292	10,216	11,233
Expenditures			
Current			
Health and social services	4,031	5,262	4,002
Public safety and judicial	36,597	44,877	39,226
Capital outlay	504	156	104
Total expenditures	41,132	50,294	43,332
Excess of revenues over (under) expenditures	(32,840)	(40,078)	(32,099)
Other financing sources (uses)			
Operating transfers in	31,775	31,943	27,209
Excess of revenues and Other sources over (under) expenditures and other uses	(1,065)	(8,135)	(4,809)
Fund Balance Beginning July 1	16,450	15,385	7,251
Fund Balance Ending June 30	$15,385	$7,251	$ 2,361

1. Beginning in fiscal year 1998-99 the County accounted for certain public safety revenues and expenditures in a Public Safety Fund. Property tax revenues were recorded in the General Fund and cash transfers were made to the Public Safety Fund. The Public Safety Fund was solely supported by the General Fund and was used for General Fund public safety programs. Beginning in fiscal year 2002-03 the Public Safety Fund was abolished and all expenditures are accounted for in the General Fund.

Source: Derived from audited annual financial statements.

TABLE 8 -- Three-Year Public Safety Fund Consecutive Balance Sheets ($000)

	1998-99	1999-00	2000-01
Assets and other debits			
Cash and Investments	$17,051	$ 5,989	$ 3,954
Receivables:			
Accounts	44	3,412	67
Prepaid Items	5	3	--
Total assets and other debits	$17,100	$9,404	$4,021
Liabilities, equity and other credits			
Liabilities:			
Payrolls payable	--	--	$592
Accounts payable	$1,024	$1,313	175
Compensated absences	691	840	893
Total liabilities	1,715	2,153	1,660
Equity and other credits:			
Prepaid Items	5	3	--
Undesignated	15,380	7,248	2,361
Total equity and other credits	15,385	7,251	4,021
Total liabilities and fund equity	$17,100	$9,404	$5,681

Source: Derived from audited annual financial statements.

GENERAL RESERVE FUND

Beginning in fiscal year 2001-02 the County maintains a General Reserve Fund. The General Reserve Fund accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.

TABLE 9 -- General Reserve Fund and General Fund Ending Balance, as of June 30 ($000)

Fiscal Year	General Reserve (GR) Fund	General Fund (GF) Ending Balance	GF Balance and GR Fund	General Fund Revenues	Total Balance as Percentage of GF Revenues
2002	$9,137	$9,144	$18,281	$269,580	6.8%
2003	9,609	5,786	15,395	264,219	5.8
2004[1]	11,350	10,140[2]	21,490	266,367[3]	8.1

1. Estimates for fiscal year 2003-04.
2. Does not include approximately $22 million of the temporary County personal income tax revenues collected in fiscal year 2003-04 dedicated to schools and County programs for fiscal year 2004-2005.
3. Does not include temporary three-year County personal income tax revenues of about $120 million.

Source: Derived from audited annual financial statements.

ACCRUED VACATION

County employees may accrue vacations and receive reimbursement upon termination of employment. As of June 30, 2003, the total accrued vacation liability in the General Fund and Other Funds was $16,055.

BUDGETING PROCESS

Multnomah County prepares annual budgets in accordance with the provisions 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 TSCC 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 Board. Supplemental budgets are considered and adopted by the same process as the regular budget, including public hearings and TSCC review.

TABLE 10 -- Summary of 2003-04 Adopted Budget & 2004-05 Approved Budgets ($000) – (All Funds)

	Adopted 2003-04	**Approved 2004-05**
Resources		
Beginning working capital	$120,405	$89,850
Taxes	403,060	405,449
Intergovernmental sources	339,285	331,057
Licenses & permits	12,821	13,206
Service charges	16,317	13,802
Interest	4,644	2,765
Other sources	6,781	10,179
Service reimbursements	154,466	176,873
Cash transfers	31,385	30,622
Bonds/certificates	6,375	6,590
Total resources	$1,095,539	$1,080,393
Requirements		
County Human Services	$171,375	$172,120
School & Community Partnerships	29,594	31,828
Health Department	110,362	107,174
Juvenile & Adult Corrections	75,039	74,664
District Attorney	21,009	21,681
Sheriff	117,652	96,168
Business & Community Services	260,267	274,233
Nondepartmental	178,787	159,585
Library	48,442	47,168
Cash transfers	31,384	31,392
Contingency	19,233	8,841
Ending balance	32,395	55,531
Total requirements	$1,095,539	$1,080,393

Note: Columns may not foot due to rounding.

Source: Multnomah County.

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 a Risk Management 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. The Risk Management 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 Risk Management Fund. These liabilities are fully funded and totaled $10,016,000 for the Fiscal Year ended June 30, 2003.

The Risk Management 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 Risk Management 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 Risk Management 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 Risk Management 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 Risk Management Fund. On the portion covered by the Risk Management Fund, the County has stop loss protection for medical claims per individual that exceed $250,000; and

Unemployment insurance: All unemployment claims are covered by the Risk Management 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 and 65. Every two years an actuarial valuation is performed on the program to evaluate the unfunded liability and funding requirements. As of June 30, 2002, the total liability was $11,000,000, of which 63% was funded. The funded portion is included in retained earnings of the Risk Management Fund.

The Risk Management 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 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, 2003 was $207,148,000. 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 or vested prior to January 1, 1996. Compulsory retirement age is 70. Tier 2 applies to employees hired after January 1, 1996. Retirement benefits, which 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 present 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 a percentage of covered employees' salaries to PERS. The contribution rate is determined based on actuarial valuations which are performed by PERS every two years. The contribution rate was 12.28% on July 1, 1999 and was reduced to 9.21% on January 1, 2000 and further reduced to 8.12% effective July 1, 2001. The County's contribution rate decreased to 7.14% effective July 1, 2003. The County picks up the required 6% employee as required under labor agreements.

PERS policy provides for actuarially determined periodic contributions that are sufficient to pay benefits when due. Based on the assumptions of the December 31, 2001 actuarial valuation, the County's required contribution, including employees' contributions, was equal to the annual pension cost of $31,419,000.

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
6/30/99	29,411,000	100	0
6/30/00	32,339,000 [1]	100	0
6/30/01	31,607,000	100	0
6/30/02	30,343,684	100	0
6/30/03	31,419,000	100	0

1. Does not include lump-sum payment of $180,000,000 which was made by the County in December of 1999 from the proceeds of pension bonds issued to fund estimated unfunded liability.

Significant actuarial assumptions used in the most recent valuation (December 31, 2001) 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 the emerging experience of the members of the system, and are the same as those used to compute the actuarially required contributions. In addition, major legislative reforms were made to the PERS system and these reforms are included in the actuarial assumptions that established the rate effective July 1, 2003. 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 (Funded) Actuarial Accrued Liability (UAAL)	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
12/31/99	923,745	859,337	(76,408)	109	191,152	(40)
12/31/01	Pooled	Pooled	(203,703)	Pooled	207,148	(98)

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

On December 1, 1999, the County issued $184,548,160 in taxable Limited Tax Pension Obligation Revenue Bonds to pay its estimated UAAL to PERS. The County's employer contribution rate was adjusted to 9.21%, a fully funded rate according to PERS, beginning January 1, 2000.

On April 24, 2002, the County received notice from PERS that employers could be receiving an increase of between 3.5% to 4.25% on the County's payroll contribution rate which is currently 7.94%. In February the PERS Board released preliminary rates that raised the County's rate by 5.32%. This rate order increase has been put on hold until certain legislative action is taken.

There are numerous factors that could change the size of the UAAL for the County or the rates charged to the County. Two of the recent factors that could have an impact on the UAAL and rates are the settlement of the lawsuit against PERS by local employers and the Legislative reforms made during the 2003 legislative session.

A PERS lawsuit was filed in May 2000 on behalf of contributing public employers: the cities of Eugene, Portland, Roseburg, and Huntington; the counties of Lane and Multnomah; the Canby Utility Board; and the Rogue River Valley Irrigation District.

In October 2002, Marion County Circuit Court Judge Paul Lipscomb ruled that the Public Employees Retirement Board ("Board") has abused its discretion and improperly managed the retirement system.

The court ruled that the complaints of the petitioning employers relating to claims of mismanagement and abuse of administrative discretion are well founded. “As a direct result of the Board’s improper management of PERS, particularly in recent years, there have been funding shortfalls which should not have occurred if the Board had been faithful to its duties under the statutes. These funding shortfalls have resulted in employer contribution rate orders which have been ratcheted up to levels which are disproportionately higher than they otherwise would be for the petitioning employers.” The following are some of the findings:

Money Match on Variable Earnings

Employers challenged the Board’s actions calculating the money match benefit for employees participating in the variable annuity program. The court agreed with the employers’ position and ruled that the Board has been improperly applying the money match calculation to the variable accounts. The Board was ordered to recalculate the employers’ contributions and adjust rate orders accordingly.

Outdated Mortality Tables

The Board was found to have been unlawfully calculating benefits using outdated mortality tables, resulting in higher retirement benefits than would result if the Board used more accurate and updated mortality factors. The court ordered the Board to comply with the actuarial equivalency requirement “immediately and fully.”. The court also ruled that PERS cannot charge petitioning employers for the cost of its past improper use of outdated mortality tables.

Failure to Fund and Use the Contingency Reserve

State law requires the Board to fund and use a reserve account to fund unforeseen contingencies. The court found this law is neither discretionary nor ambiguous, and that the Board’s persistent failure to follow it is improper. The Board was instructed to fund and maintain a Contingency Reserve.

Gain/Loss Reserve

The Board has “inexplicably failed” to fund the Gain-Loss Reserve Account with enough of the available 1999 earnings to meet its own goal of covering the Tier 1 guaranteed rate for 30 months of losses. “Why the Board’s own articulated 30 month goal for this reserve account was not fully funded when the Board had an excellent opportunity to do so in a record breaking earnings year has never been adequately explained,” the court wrote.

Tier 1 Employee Allocations

Employers challenged the Board’s action in crediting to the regular, non-variable Tier 1 employee account an amount that is more than double the statutorily guaranteed amount of 8%. (For the 1999 earnings year, the Board credited those Tier 1 accounts at 20%.) The court said the Board’s practice is “clearly contrary” to the legislative policy and that the cumulative effect of the Board’s practice has been to “drive up Tier 1 employee accounts to levels which are likely to be sustainable only at much additional expense to the employers for years to come.” The Board, on remand, is directed to credit the extraordinary earnings in 1999 in a “much less aggressive, and in a much more prudent fashion.”

Case Remanded to PERS Board

The Board was ordered to issue new employer rate orders for 1998 and 2000, and a new earnings allocation order for the 1999 investment year.

In February 2004 the PERS Board (Board) settled the lawsuit with the public employers. The following is the summary of the settlement agreement.

- The PERS Board will not be required to reallocate 1999 earnings credited to Tier One regular accounts, unless the reform legislation related to earnings crediting is declared invalid by the courts.
- The Board also will change its past practice in calculating certain money match retirement benefits for members who have variable accounts. Judge Lipscomb ruled that, by doubling a member’s variable account at retirement, the former Board had improperly imposed an unintended penalty on contributing employers in order to provide a double benefit for employees.
- The Board will comply with the statutory directives concerning reserving practices and mortality tables, as interpreted by Judge Lipscomb and as amended by the PERS reform legislation. The PERS Board already has directed that the Contingency Reserve be funded to the full extent allowed by law in its preliminary earnings crediting, which is slated to be finalized at the Board’s March 2004 meeting.
- Under the tentative settlement, employer contribution rates will be recalculated for those employers who filed the initial challenge and for all other public employers, taking into account the changes ordered by Judge Lipscomb and agreed to by the Board.
- For the City of Eugene and Lane County, their contribution rates will be recalculated back to 1998. For other petitioning employers in the lawsuit (Portland, Multnomah County, Roseburg, Huntington, Canby Utility Board, and Rogue River Valley Irrigation District), their contribution rates will be recalculated back to 2000. As a result of the tentative settlement, these employers will dismiss their 2003 rate order challenges.

- For all other public employers, new employer contribution rate orders will be recalculated no later than July 1, 2004 consistent with Judge Lipscomb's order.
- PERS will transfer funds from employer accounts to the Contingency Reserve Account, consistent with Judge Lipscomb's ruling on the "employer-in-variable" rule. This portion of the lawsuit was raised by intervening public employee unions.
- Judge Lipscomb ordered the Board to pay the petitioning employers their reasonable costs and attorney fees for the litigation. PERS agreed in the tentative settlement to pay $750,000 as partial reimbursement of the fees to litigate the four-year-old case.

2003 Legislative Session: The 2003 Legislature passed many PERS Bills. The following are the major Bills that have impacted the PERS System. These changes are currently being litigated by Public Employee Unions.

- **HB 2001-A.** Tier 1 Member Regular (Fixed) Account Crediting. Prohibits Public Employees Retirement Board "PERB" from crediting Tier I member regular accounts with earnings in excess of the assumed rate until: 1) the deficit reserve account is no longer in a deficit position; 2) the deficit reserve account is fully funded with amounts determined by PERB to ensure a zero balance in the deficit account when all Tier I members retire; and 3) the deficit reserve account has been fully funded for the three immediately preceding calendar years. Applies to earnings crediting for calendar year 2003 and after. The Current assumed interest rate on the Fixed Account is 8%
- **HB 2003-B**. Tier 1 & 2 Reform. Provides a remedy for any erroneous benefit calculations that the PERB needs to correct as a result of the lawsuit. PERB is directed to recover the present value of the cost of any such benefits overpaid to retired members via administrative expense from future earnings of the Fund and/or by withholding future COLAs. Tier 1 members that retired with a money match benefit on or after April 1, 2000 and before April 1, 2004 will have their COLA frozen until the benefit amounts that were erroneously calculated by PERB is made whole. Tier I members retiring on or after April 1, 2004, will not have earnings credited to their regular account in calendar year 2003 and after, IF: 1) there is a Statewide PERS negative deficit account or 2) the credit would result in a Statewide PERS negative deficit account. The minimum Tier I member regular (fixed) account balance at retirement on or after April 1, 2004 will be no less than if this account had been credited with the assumed interest rate each year the fixed account existed. What this means is that the PERB will retroactively calculate, from the date of becoming a PERS member to the retirement date, what the fixed account balance would be if the fixed account had been credited with just the assumed interest rate during that time period. This amount will be compared to your actual account balance at retirement and your retirement benefit will be calculated based on the higher amount.

  Effective January 1, 2004 the employee 6% contributions paid by the County will be paid into individual transition accounts and not into the PERS Plan. Employers paying the 6% employee contribution via pick-up on December 31, 2003, must continue to pay that 6% into the individual transition accounts until December 31, 2005. Otherwise, employers may agree by collective bargaining agreement or policy to pay part or all of the 6% employee contribution to the transition account. Transition accounts will be charged for maintenance costs. The transition accounts will earn interest and the funds will belong to the employees for retirement purposes.

  Effective January 1, 2004 members are not allowed to transfer funds into the variable account from the fixed account.

  Appointment of independent counsel, non-PERS member, for PERB. Currently the Attorney General, who is a member of PERS represents the PERB.

  Provides for exclusive expedited appeal to the Oregon Supreme Court.

- **HB 2004-C**. Updates the mortality tables and includes a look back provision. On and after July 1, 2003 the PERB will use updated actuarial equivalency factors based on the mortality assumptions adopted by the PERB on September 10, 2002. A new set of actuarial equivalency factors is to be adopted again by January 1, 2005 and once every two calendar years thereafter. Look Back – Members retiring on or after July 1, 2003 will receive the higher of the amount at retirement or the amount calculated using the June 30, 2003 account balance, years of service, final average salary and actuarial equivalency factors. The PERB is directed to adopt different mortality tables for certain police/fire members if their life expectancy significantly differs from general service members.

  Provides for exclusive expedited appeal to the Oregon Supreme Court.

- **HB 2005-B** Board Composition. Signed by the Governor. Changes the PERS Board from 12 to 5 members with a majority not having an interest in PERS.
- **HB 2020-B** Defined Contribution Successor Plan. Establishes the Oregon Public Service Retirement Plan (OPSRP) for new public employees hired on or after the effective date of the bill. In general the OPSRP consists of two parts: (1) a defined benefit pension program funded by employers with a regular formula of 1.5% of final average salary times years of service and for the police/fire a formula of 1.8% of final average salary times years of service; (2) a defined contribution individual account funded by employees at 6% of salary (employers may agree to pay the employee contribution). Public employers participating PERS are required to participate in OPSRP for those classes the employer has designated as PERS covered. The Bill also requires that if a PERS covered employee leaves work for a period of 6 months or more and then rejoins a PERS employer, that person will now have to join the successor plan for the time beginning after the break in service. That person will be covered under two plans if they vested in PERS prior to the break in service.

These legislative changes are currently being challenged by public employee unions and the case is scheduled to be heard by the Supreme Court of Oregon in July 2004 with a ruling expected to be released in December 2004 or January 2005.

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/corporate debt, 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.

TABLE 11 -- Cash Deposits and Investments as of March 31, 2004 ($000)

	Carrying Value	Market Value
U.S. Treasury Securities	$0	$0
U.S. Government Agency Securities	131,002	131,158
Commercial Paper / Corporate Debt	43,121	43,127
Bankers' Acceptances	1,562	1,563
Local Government Investment Pool	72,571	72,571
Pension Trust Investments (Library)	14,331	14,331
Cash Deposits & Certificates of Deposit	4,991	4,991
Total Cash and Investments	$267,578	$267,741

Source: Multnomah County.

DEBT INFORMATION

TABLE 12 -- Debt Ratios[1]

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2003 estimated population	677,850	--	--	677,850	--	--
2003-04 Real Market Value (RMV)	$66,510,264,001	$98,119	--	$66,510,264,001	$98,119	--
Gross Direct Debt[2]	392,668,443	579	0.59%	211,565,283	312	0.32%
Net Direct Debt[3]	385,243,443	568	0.58	204,140,283	301	0.31
Net Overlapping Debt	806,017,585	1,189	1.21	806,017,585	1,189	1.21
Net Direct and Net Overlapping Debt	1,191,261,028	1,757	1.79	1,010,157,868	1,490	1.52

1. Outstanding debt information is as of June 1, 2004 except for the overlapping debt calculation. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of May 3, 2003.
2. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.
3. Net Direct Debt is Gross Direct Debt less obligations or leases paid from non-tax sources.

Source: Multnomah County.

DEBT LIMITATIONS

As provided in ORS 288.165 (6), Tax and Revenue Anticipation Notes are not subject to the following debt limits.

Limitations of Indebtedness, but NOT Applicable to the Notes.

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.

2003-04 RMV	$66,510,264,001
Debt limitation (2.00% of RMV)	1,330,205,280
Applicable bonded debt	86,445,000
Debt margin	1,243,760,280
Percent of limit issued	6.50%

ORS 287.053 limits “limited tax bonded indebtedness” by counties to one percent of the latest Real Market Value of the County. This limit does not include voter approved General Obligation debt nor obligations subject to annual appropriation.

2003-04 RMV	$66,510,264,001
Debt limitation (1.00% of RMV)	665,102,640
Applicable limited tax debt	271,288,443
Debt margin	393,814,197
Percent of limit issued	40.79%

DEBT MANAGEMENT

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

DEBT AUTHORIZATION

None authorized but not issued at this time.

FUTURE FINANCING PLANS

The County has budgeted $6,585,000 for an internal loan from the Risk Management Fund for computer technology upgrades to complete the migration off of the County’s mainframe. Currently, the County is paying license fees of approximately $1,600,000 for its mainframe applications. Once the County has completed the migration, the $1,600,000 will be available to repay the loan. The County estimates the loan will be repaid over a five-year period and the conversion and actual loan transaction will not be completed until August or September of 2004. No debt will be issued.

The County is working with the State Courts, other local governments and citizens to determine the best approach to replace the County Courthouse. It is estimated that the replacement cost will be approximately $200 million. The process will take several years and it is expected that a G.O. Bond of about $150 million will be placed on the ballot for voter approval within the next three to five years.

TABLE 13 -- Outstanding Obligations

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding As of 06/01/04[1]
GO Bonds				
1994A Library Bonds[2]	3/1/94	10/1/05	$22,000,000	$2,195,000
1994B Library Bonds[2]	10/1/94	10/1/04	9,000,000	410,000
1996A Library Bonds[3]	10/1/96	10/1/07	29,000,000	2,430,000
1996B Public Safety[3]	10/1/96	10/1/08	79,700,000	16,665,000
1999 Advance Refunding	2/1/99	10/1/16	66,115,000	64,745,000
Total GO			**$205,815,000**	**$86,445,000**
Certificates of Participation (subject to annual appropriation)				
1998 Facilities and Advance Refunding	2/1/98	8/1/17	$48,615,000	$27,510,000
Total COP			**$48,615,000**	**$27,510,000**
Full Faith & Credit Obligations (NOT subject to annual appropriation)				
1999A Multnomah Building and Facilities COP[4]	4/1/99	8/1/19	$36,125,000	$31,160,000
1999 Limited Tax Pension Obligations (taxable)	12/1/99	6/1/30	184,548,160	181,103,160
2000A Full Faith and Credit Obligations	4/1/00	4/1/20	61,215,000	48,325,000
2003 Full Faith and Credit Refunding Obligations	5/15/03	7/1/13	9,615,000	9,615,000
Total FF&C			**$291,503,160**	**$270,203,160**
Leases and Contracts				
Portland Building – purchase two floors - Intergovernmental agreement	1/22/81	1/22/08	$3,475,000	$1,085,283
Total Leases			**$3,475,000**	**$1,085,283**
TOTAL NET DIRECT DEBT[5]			**$549,408,160**	**$385,243,443**
Revenue Bonds (Self-Supporting – Not included in Total Net Direct Calculations)[6]				
Series 1998 (Regional Children's Campus)	10/1/98	10/1/14	$3,155,000	$2,490,000
Series 2000A (Port City Development Center)	11/1/00	11/1/15	2,000,000	1,795,000
Series 2000B (Oregon Food Bank)	11/1/00	11/1/15	3,500,000	3,140,000
Total Revenue Bonds			**$8,655,000**	**$7,425,000**
TOTAL GROSS DIRECT DEBT[7]			**$558,063,160**	**$392,668,443**
Short Term Debt				
Tax and Revenue Anticipation Notes (this issue)	7/1/04	6/30/05	$20,000,000	$20,000,000

1. Payments due on June 1, 2004 have been deducted from the amounts outstanding.
2. These bonds were refunded by the 1999 Advance Refunding. The refunded maturities will be called on October 1, 2004. Not all callable maturities of the Series 1994A Bonds were refunded.
3. These bonds were refunded by the 1999 Advance Refunding. The refunded maturities will be called on October 1, 2006. Not all callable maturities were refunded.
4. This Series 1999A was originally issued as a COP but was later converted to a Full Faith & Credit Obligation following a change in Oregon state law.
5. Net Direct Debt is Gross Direct Debt less obligations or leases paid from non-tax sources.
6. These "on behalf of" financings are paid from Motor Vehicle Rental Taxes and reimbursed from payments by the entities shown.
7. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.

Source: Multnomah County.

TABLE 14 -- Outstanding General Obligation and Limited Tax Debt Service Requirements[1]

Fiscal Year Ended 31-June	Outstanding FF&C and COPs[2]			Outstanding General Obligation Bonds[3]			Total Debt Service Requirements
	Principal	Interest	Total Payments	Principal	Interest	Total Payments	
2005	$10,690,000	$13,427,572	$24,117,572	$5,420,000	$6,998,816	$12,418,816	$36,536,389
2006	11,670,000	13,005,617	24,675,617	5,685,000	6,289,943	11,974,943	36,650,559
2007	12,975,000	12,390,192	25,365,192	5,960,000	5,741,085	11,701,085	37,066,277
2008	14,415,000	11,684,913	26,099,913	6,255,000	5,255,264	11,510,264	37,610,177
2009	14,525,000	10,879,335	25,404,335	6,555,000	3,717,186	10,272,186	35,676,521
2010	16,165,000	10,043,424	26,208,424	6,860,000	2,386,510	9,246,510	35,454,934
2011	17,975,000	9,111,653	27,086,653	7,160,000	2,092,873	9,252,873	36,339,525
2012	19,965,000	8,044,690	28,009,690	7,470,000	1,780,118	9,250,118	37,259,808
2013	14,183,963	14,788,267	28,972,230	7,490,000	1,450,988	8,940,988	37,913,218
2014	11,556,921	15,404,098	26,961,019	7,835,000	1,106,175	8,941,175	35,902,194
2015	10,668,962	16,121,694	26,790,656	6,780,000	773,100	7,553,100	34,343,756
2016	11,504,944	14,534,296	26,039,240	6,330,000	465,975	6,795,975	32,835,215
2017	21,855,000	5,319,452	27,174,452	6,645,000	157,819	6,802,819	33,977,271
2018	24,600,000	3,808,957	28,408,957	--	--	--	28,408,957
2019	27,150,000	2,108,866	29,258,866	--	--	--	29,258,866
2020	10,539,168	20,079,182	30,618,350	--	--	--	30,618,350
2021	5,208,023	21,406,977	26,615,000	--	--	--	26,615,000
2022	5,098,311	23,011,689	28,110,000	--	--	--	28,110,000
2023	4,988,664	24,686,336	29,675,000	--	--	--	29,675,000
2024	4,881,062	26,443,939	31,325,001	--	--	--	31,325,001
2025	4,774,525	28,285,475	33,060,000	--	--	--	33,060,000
2026	4,669,706	30,215,294	34,885,000	--	--	--	34,885,000
2027	4,565,776	32,234,224	36,800,000	--	--	--	36,800,000
2028	4,463,150	34,346,850	38,810,000	--	--	--	38,810,000
2029	4,362,196	36,562,804	40,925,000	--	--	--	40,925,000
2030	4,262,789	38,887,212	43,150,001	--	--	--	43,150,001
	$297,713,160	$476,833,007	$774,546,167	$86,445,000	$38,215,850	$124,660,850	$899,207,017

1. Reflects amounts outstanding as of June 1, 2004.
2. Includes outstanding Certificates of Participation and Full Faith & Credit Obligations, including the Series 1999 Pension Obligations.
3. Includes outstanding General Obligation Bonds.

Source: Multnomah County.

TABLE 15 -- Overlapping Debt (as of May 3, 2004)[1]

Overlapping District	Assessed Value	Percent Overlapping	Overlapping Gross Direct Debt[2]	Overlapping Net Direct Debt[3]
Clackamas County RFPD #1	$9,913,897,802	0.0473%	$4,401	$4,401
Clackamas County SD 7J (Lake Oswego)	6,195,171,845	0.3517%	327,767	327,767
City of Milwaukie	1,617,133,537	0.6903%	20,847	20,847
Columbia County SD 1J (Scapoose)	1,204,579,511	21.4699%	583,981	583,981
Port of Portland	151,231,996,749	43.9478%	24,063,028	24,063,028
Metro	138,430,434,446	47.4959%	73,058,380	73,058,380
Tri-Metropolitan Transport Dist.	137,833,212,069	47.7103%	44,513,710	44,513,710
Sauvie Island RFPD 30	136,259,842	95.6404%	219,973	219,973
Multnomah County SD 1J (Portland)	47,910,040,136	99.2941%	86,956,808	86,956,808
Multnomah County SD 3 (Parkrose)	3,160,687,959	100.0000%	22,175,000	22,175,000
Multnomah County SD 7 (Reynolds)	4,948,824,896	100.0000%	66,570,000	66,570,000
Multnomah County SD 28J (Centennial)	2,185,105,483	92.9734%	32,561,734	32,561,734
Multnomah County SD 39 (Corbett – 1994 BD)	21,687,355	100.0000%	5,705,000	5,705,000
Multnomah County SD 40 (David Douglas)	3,227,235,697	100.0000%	52,685,000	52,685,000
Multnomah County SD 51J (Riverdale)	553,216,956	95.8147%	8,800,580	8,800,580
Multnomah County SD 10J (Gresham-Barlow)	5,153,833,667	83.6245%	66,824,338	66,824,338
Multnomah County SD 10J (Orient 6 Bond)	499,801,239	58.0563%	698,503	698,503
Mt. Hood Community College	21,415,502,164	84.0468%	96,654	96,654
Portland Community College	110,076,796,529	44.0315%	134,238,028	81,402,430
City of Fairview	513,208,625	100.0000%	4,835,000	2,290,000
City of Gresham	6,684,417,407	100.0000%	4,902,558	4,635,000
City of Portland	55,454,729,045	99.5911%	269,457,655	214,160,701
City of Troutdale	1,053,405,383	100.0000%	14,132,064	14,132,064
City of Wood Village	263,115,729	100.0000%	725,000	290,000
Tualatin Valley Fire & Rescue Dist	37,920,886,071	1.8817%	120,993	120,993
Washington County SD 48J (Beaverton)	21,640,248,019	0.4499%	1,411,156	1,411,156
Washington County SD 1J (Hillsboro)	15,531,395,851	0.0028%	4,197	4,197
Washington County SD 1J (North Plains BD)	367,634,620	0.1174%	340	340
Sunrise Water Authority	13,388,077	100.0000%	1,705,000	1,705,000
Total			**$917,397,695**	**$806,017,585**

1. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of May 3, 2004.
2. Gross Direct Debt includes all Unlimited General Obligation bonds and Limited Tax General Obligation bonds.
3. Net Direct Debt includes Gross Direct Debt less self-supporting General Obligation and Limited Tax debt.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

TABLE 16 -- Bond and Levy Election Record

		Amount	Votes			Percent	Voter
Year	**Purpose**	**Requested**	**Yes**	**No**	**Margin**	**Passed (Failed)**	**Turnout**
1993	G.O. Library Bonds	$31,000,000	98,239	44,278	53,961	68.93%	N/A
1993	3-yr. Library Levy	7,500,000 /yr	80,887	54,630	26,257	59.69	N/A
1993	3-yr. Jail Levy	4,700,000 /yr	111,713	40,373	71,340	73.45	N/A
1996	G.O. Library Bonds	29,000,000	73,281	44,458	28,823	62.24	N/A
1996	G.O. Public Safety Bonds	79,700,000	64,135	51,736	12,399	55.35	N/A
1996	3-yr. Library Levy	16,353,000 /yr[1]	85,923	32,794	53,129	72.38	N/A
1996	3-yr. Jail Levy	29,933,000 /yr[1]	68,431	47,339	21,092	59.11	N/A
1997	5-yr. Library Levy	21,300,000 /yr[2]	112,095	100,560	11,535	52.71	N/A
2002	5-yr. Library Levy[3]	27,900,000 /yr[2]	90,285	62,901	27,384	58.94	44.33%
2002	5-yr. Library Levy[3]	27,900,000 /yr[2]	137,150	98,828	38,322	58.12	67.45

1. Three-year average. The levies were combined into the County's Permanent Rate according to Measure 50.
2. Five-year average.
3. Measure 50, which passed in 1997, requires that general obligation bonds and local option levies be approved by a majority of the voters at a general election in an even-numbered year or at any other election in which not less than fifty percent of the registered voters cast a ballot. In May of 2002, voters approved an extension of the Library Levy but less than fifty percent of the registered voters cast a ballot. Therefore, the Library Levy failed. Subsequently the County resubmitted the Library Local Option to voters in November of 2002 and the measure passed.

Source: Multnomah County.

PROPERTY TAX AND VALUATION INFORMATION

GENERAL

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 ("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.

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 limitations of Ballot Measure 50.

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 will produce $188.5 million in 2003-04. Measure 5 limitations reduced the amount received from the levy by $6.2 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 Notes are not exempt from Measure 50 or Measure 5 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 can impose levies in addition to the permanent rate under 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.

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.

Measure 50 requires that local option levies be approved by a majority of the voters at a general election in an even-numbered year or at any other election in which not less than fifty percent of the registered voters cast a ballot. In May of 2002, voters approved an extension of the Library Levy but less than fifty percent of the registered voters cast a ballot. Therefore, the Library Levy failed. Subsequently the County resubmitted the Library Local Option to voters in November 2002 and the measure passed.

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 bonds issued to refund the preceding bonds.

The Notes 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 $24,500 for claims filed between January 1 and December 31, 2000 and $27,500 for claims filed after January 1, 2001. Taxes are paid by the State, which obtains a lien on the property and accrues interest at 6 percent.

TABLE 17 -- Real Market Value of Taxable Property in Multnomah County

Fiscal Year	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)[1]	Percent Change	AV as Percent of RMV
1999-00	$52,327,850,651	N/A	$39,873,176,039	N/A	76.20%
2000-01	56,261,764,506	7.52%	42,340,474,681	6.19%	75.26
2001-02	61,221,313,105	8.82	44,997,180,946	6.27	73.50
2002-03	63,386,344,893	3.54	45,906,234,973	2.02[2]	72.42
2003-04	66,510,264,001	4.93	47,390,201,106	3.23[3]	71.25

1. Total Assessed Value of the County does include urban renewal values and other offsets such as Non-Profit Housing Value. Table 18, which follows, reflects the Taxable Assessed Value (AV) which does not include urban renewal and other offsets as calculated by the Multnomah County tax assessors.
2. The Assessed Value (AV) for 2002-03 increased at a rate lower than Real Market Value (RMV) generally because of three large property classes. The closure of Fujitsu reduced the property AV from $680 million to under $180 million. Additionally, AV of certain airline properties dropped significantly due to the economy and a lawsuit that the airlines won. Also, certain utility properties Assessed Value decreased.
3. The Assessed Value (AV) for 2003-04 increased at a rate lower than Real Market Value (RMV) due to the constitutional limit that restricts assessed value to grow no more than 3% per year and decline in the value of some industrial properties such as the airlines.

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

TABLE 18 -- Tax Collection Record

Fiscal Year	Taxable Assessed Value ($000)[1]	Percent Change	Total Levy ($000)[2]	Percent Change	Tax Rate/ $1000[2]	Percent Collected Yr. of Levy	Percent Collected As of 4/30/04
1999-00[3]	$37,600,873	N/A	$193,076	N/A	$5.25	96.56%	99.93%
2000-01	39,595,577	5.30%	205,468	6.42%	4.71	96.35	99.56
2001-02	41,739,141	5.41	212,329	3.34	4.62	96.46	99.20
2002-03[4]	42,349,119	1.46	210,411	(0.90)	4.58	96.57	98.41
2003-04[5]	43,408,763	2.50	214,890	2.13	4.51	66.50	91.61

1. Excludes Urban Renewal Value and other Offsets.
2. The total levy and the tax rates include General Fund tax base, library and jail serial levies, and bond levies.
3. Fiscal year 1998-99 was 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. This levy expired in fiscal year 2001-02. In May of 2002, voters approved an extension of the Library Levy but less than fifty percent of the registered voters cast a ballot. Therefore, the Library Levy failed. Subsequently the County resubmitted the Library Local Option to voters in November 2002 and the measure passed.
4. The fiscal year 2002-03 tax rate declined due to compression and General Obligation Debt service requirements declining by $5 million.
5. The fiscal year 2003-04 data is through April 30, 2004.

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

TABLE 19 -- 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
1999-00	$197,532,424	$5,834,238	2.95%
2000-01	186,511,008	3,359,035	1.80%
2001-02	192,680,396	3,205,903	1.66%
2002-03	193,937,789	5,146,063[2]	2.65%
2003-04	196,073,042	6,198,779[2]	3.16%

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.
2. In 2002-03 the loss due to the tax limitation increased significantly due to the Shilo Inn Urban Renewal lawsuit, an increase in the Library Local Option Levy and the addition of the Park's Levy and Children's Levy. In 2003-04 the loss due to the tax limitation increased significantly due to the increase in the Portland Fire and Police Retirement levy and the three local option levies from 2002-03.

Source: Multnomah County.

TABLE 20 -- Principal Taxpayers in Multnomah County 2003-04

Taxpayer Account	Type of Business	2003-04 Taxes Imposed	Taxable Assessed Value	Percentage of County AV[1]
Qwest Corporation	Telephone/communications	$7,490,649	$440,769,567	1.02%
Portland General Electric Co.	Electric utility	5,719,984	341,868,880	0.79
Pacificorp (PP&L)	Electric utility	4,615,969	271,934,000	0.63
Wacker Siltronic Corp.	Silicon semiconductor materials	3,589,967	211,842,450	0.49
Northwest Natural Gas Co.	Aircraft parts	2,555,972	149,728,420	0.34
Boeing Co.	Semiconductor manufacturing	2,313,111	143,485,820	0.33
Oregon Steel Mills Inc.	Airline	2,288,791	135,060,590	0.31
Freightliner Corporation	Retail merchandising	2,263,013	131,602,990	0.30
LC Portland LLC	Property Management	2,918,834	130,196,970	0.30
Fred Meyer Inc.	Steel plate and pipe products	2,270,505	115,006,530	0.26
Total		**$36,026,795**	**$2,071,496,217**	**4.77%**

1. The Taxable Assessed Value of the County for 2003-04 is $43,408,763,023.

Source: Multnomah County Division of Assessment and Taxation.

TABLE 21 -- 2003-04 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	$5.5705	$1.1019	$6.6724
Multnomah Ed. Svc. District	0.4318	0.0000	0.4318
Portland Community College	0.2656	0.2151	0.4807
Total Schools	6.2679	1.3170	7.5849
Local Government			
Multnomah County	$4.8094	$0.1640	$4.9734
City of Portland	7.5454	0.1804	7.7258
Portland Urban Renewal	1.6912	0.0000	1.6912
Metro	0.0916	0.1829	0.2745
Tri-Met Transportation District	0.0000	0.1021	0.1021
Port of Portland	0.0667	0.0000	0.0667
Total Local Government	14.2043	0.6294	14.8337
Total Consolidated Tax Rate	$20.4722	$1.9464	$22.4186

1. The 2003-04 Assessed Value to compute the tax rate of code area 1 is $24,397,306,437 which is 56.20 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: Tax Supervising and Conservation Commission; Multnomah County Division of Assessment and Taxation.

TABLE 22 -- 2003-04 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	$2.2415	$6.7683
Multnomah Ed. Svc. District	0.4576	0.0000	0.4576
Mt. Hood Community College	0.4917	0.0220	0.5137
Total Schools	5.4761	2.2635	7.7396
Local Government			
Multnomah County	$5.0984	$0.1735	$5.2719
City of Gresham	3.6129	0.1811	3.7940
Metro	0.0966	0.1934	0.2900
Tri-Met Transportation District	0.0000	0.1080	0.1080
Port of Portland	0.0701	0.0000	0.0701
Total Local Government	8.8780	0.6560	9.5340
Total Consolidated Tax Rate	$14.3541	$2.9195	$17.2736

1. The 2003-04 Assessed Value to compute the tax rate of code area 26 is $2,674,453,608 which is 6.16 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: Tax Supervising and Conservation Commission; Multnomah County Division of Assessment and Taxation.

TABLE 23 -- 2003-04 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	$1.9979	$6.6373
Multnomah Ed. Svc. District	0.4576	0.0000	0.4576
Mt. Hood Community College	0.4917	0.0220	0.5137
Total Schools	5.5887	2.0199	7.6086
Local Government			
Multnomah County	$5.0984	$0.1735	$5.2719
Fire District No. 10	2.8527	0.0000	2.8527
Metro	0.0966	0.1934	0.2900
Tri-Met Transportation District	0.0000	0.1080	0.1080
Port of Portland	0.0701	0.0000	0.0701
Total Local Government	8.1178	0.4749	8.5927
Total Consolidated Tax Rate	$13.7065	$2.4948	$16.2013

1. The 2003-04 Assessed Value to compute the tax rate of code area 78 is $5,508,860 which is 0.01 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: Tax Supervising and Conservation Commission; Multnomah County Division of Assessment and Taxation.

BUSINESS INCOME TAX

On March 13, 2003, the Board of County Commissioners adopted Resolution 03-036 accepting the recommendations of the Community Partnership Committee. The Portland Business Alliance, the Portland Development Commission, the City of Portland and the County agreed in a Community Partnership Agreement in November 2001 to jointly assess and review the impacts of City business license fees and County business income taxes on the business climate and to consider potential reforms if necessary. The County does not expect the implementation of the reforms to materially adversely affect the revenues received from the business income tax.

A Community Partnership Steering Committee consisting of all parties to the Community Partnership Agreement and representatives of other private sector industries and non-profit organizations was appointed to guide the process of review and to develop recommendations. The Community Partnership Steering Committee completed its review process and has developed the following recommendations for reform of the City business license fee and the County business income tax:

- The City business license fee and the County business income tax should be replaced with a two-source business revenue mix involving a City business license fee measured by payroll and a County payroll tax targeted to a rate currently targeted at .395% to generate approximately 60% of current revenue from in-jurisdiction businesses plus apportioned payroll from out-of-jurisdiction businesses, with a goal of a maximum tax liability limitation on business license fees measured by payroll of $50,000 for the City and a maximum payroll tax liability of $50,000 for the County.
- A City business license fee and a County business income tax based on net income targeted to a rate of 1.39% to generate approximately 40% of current revenue from in-jurisdiction businesses plus apportioned income from out-of-jurisdiction businesses, with a goal of a maximum income tax liability limitation of $15,000 for the City and $15,000 for the County.
- Business entities whose payroll is $30,000 or less annually indexed should be exempt from the payroll component of the tax. Business entities whose income is $30,000 or less annually indexed should be exempt from the income component of the tax.

- The rates established for the City business license fee and the County business income tax measured by both payroll and income should retain the same relative proportions as the current taxes, both with respect to the City and County revenues, and as they apply to individual taxpayers. In conjunction with payroll, when appropriate, the owner's compensation deduction should be increased to a maximum of $125,000.
- Under the direction of the Multnomah County Chairs Office and the Commissioner-in-Charge of the City of Portland, Bureau of License, in consultation with representatives of taxpayers, City and County ordinances and code amendments should be drafted to implement these recommendations; Neighboring municipal jurisdictions should also be consulted in order to ensure efficiency and consistency in regulation, administration, and disbursement.
- The Board has been briefed on the report and will consider making changes to the County Business Income Tax during fiscal year 2004-05.

PERSONAL INCOME TAX

Two Ballot Measures have been filed to repeal the County's local personal income tax. The first initiative measure would repeal the three-year 1.25% personal income tax Multnomah County voters approved in 2003 (Measure 26-48) for County schools, health and senior care and public safety. Taxes collected for 2003 and taxes withheld and paid to the County in 2004 would be refunded. No County tax would be assessed on personal income earned during calendar years 2004 and 2005. The second measure would repeal the County tax for years 2004 and 2005. The petitioners have six months from May 7, 2004 to gather 14,710 signatures to qualify the measures to be placed on the ballot. If qualified, the County expects the measures will be voted on at the September or November election dates.

About 70% of the County income tax revenues from Measure 26-48 are dedicated to providing assistance to County public schools, including those in the Centennial, Corbett, David Douglas, Gresham-Barlow, Parkrose, Portland, Reynolds, Riverdale Districts, with their funding gaps and to restore some local services.

About 30% of the County income tax revenues from Measure 26-48 are dedicated to providing funds for health care, mental health, senior services, and public safety.

If the first measure is approved the County and the funded schools would be required to refund to taxpayers approximately $105 million in taxes collected in 2003 and spent for the school and County services. School budget reductions of about $156 million in 2004-05 and $90 million in 2005-06 would need to be made. Loss for County services would be about $32 million in both 2004 and 2005. The cost of refunds together with the loss of revenue are estimated to result in County budget reductions for the services described above of about $78 million in 2004-05 and $32 million in 2005-06.

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, mostly 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.

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 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, the regional government, 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.

The Metro Council approved a major expansion of the urban growth boundary (UGB) on December 5, 2002. This brings 18,638 acres into the boundary, with 2,851 acres dedicated to employment purposes, and includes new policies to protect existing neighborhoods, provide additional land for jobs and to improve local commercial centers and main streets.

POPULATION

Multnomah County is the most populous county in the state, with a 2003 population of 677,850. Cities located in the County include Portland, Gresham, Fairview, Maywood Park, Troutdale, and Wood Village. Portland, the county seat of Multnomah County, is the largest city in Oregon. The compound annual rate of change for 1993-2003 for Multnomah County is 0.96 percent.

TABLE 24 -- Population Estimates

As of July 1	State of Oregon	Portland Metropolitan Area [2]	Multnomah County	City of Portland	City of Gresham
1993	3,059,110	1,349,100	616,300	471,325	73,185
1994	3,119,940	1,375,830	622,130	495,090	74,625
1995	3,182,690	1,404,980	628,970	497,600	77,240
1996	3,245,100	1,438,800	638,780	503,000	79,350
1997	3,302,140	1,467,840	646,260	508,500	81,865
1998	3,350,080	1,492,430	651,520	509,610	83,595
1999	3,393,410	1,514,620	656,810	512,395	85,435
2000	3,436,750	1,537,150	662,400	531,600	90,835
2001[1]	3,471,700	1,553,700	666,350	536,240	91,420
2002[1]	3,504,700	1,571,650	670,250	538,180	92,620
2003	3,541,500	1,592,050	677,850	545,140	93,660
1993-2003 Compounded Annual Rate of Change	1.48%	1.67%	0.96%	1.47%	2.50%
1998-2003 Compounded Annual Rate of Change	1.12%	1.30%	0.80%	1.36%	2.30%

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

	1980	1990	2000
City of Gresham	33,005	68,249	90,205
City of Portland	368,139	438,802	529,121
Multnomah County	562,647	583,887	660,486
State of Oregon	2,633,156	2,842,321	3,421,399

1. On July 10, 2003, the U.S. Census Bureau released updated population figures in counties and cities for 2001 and 2002 as shown below. Data in Table 22 above represents population figures as reported by the Center for Population Research. The data below is provided to show that during the year since the estimates were made by the Center of Population Research, the U.S. Census Bureau updated its findings.

	2001	2002
City of Gresham	92,300	94,706
City of Portland	533,009	537,239
Multnomah County	669,762	677,626

2. 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.

EMPLOYMENT

Multnomah County is part of the Portland-Vancouver Metropolitan Statistical Area ("PMSA"), which has been revised as the Portland-Vancouver-Beaverton Metropolitan Statistical Area, adding Skamania County in Washington. Certain employment and unemployment data are available for the previous definition of the PMSA, which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington. Data for the newly added area of Skamania County will be reflected starting in late 2004.

TABLE 25 -- Portland-Vancouver MSA Labor Force by Place of Residence[1]

Year[2]	Resident Civilian Labor Force (000)	Unemployment Number (000)	Unemployment Percent of Labor Force	Total Employment[3] (000)
1993	911,308	54,496	6.0	856,812
1994	942,522	40,621	4.3	901,901
1995	962,315	35,762	3.7	926,553
1996	1,008,724	45,689	4.5	963,035
1997	1,034,372	44,440	4.3	989,932
1998	1,057,644	44,412	4.2	1,013,232
1999	1,060,142	47,748	4.5	1,012,394
2000	1,079,281	43,078	4.0	1,036,203
2001	1,082,044	63,952	5.9	1,018,092
2002	1,092,232	85,474	7.8	1,006,758
2003	1,095,778	92,645	8.5	1,003,133

1. Workforce and economic statistics for Oregon's revised Metropolitan Statistical Areas (MSAs) will be reflected starting late 2004. The data in this table reflects the previous definition of the Portland-Vancouver MSA which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington.
2. From 1984 through 1992 the Portland-Vancouver MSA consisted of Multnomah, Washington, Clackamas and Yamhill counties in Oregon.
3. Includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers and labor disputants.

Source: US Department of Labor – Bureau of Labor Statistics.

TABLE 26 -- Major Employers in Portland-Vancouver MSA

Employer	Product or Service	2003-04 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	14,890
NIKE Inc.	Sports shoes and apparel	5,742
Freightliner LLC	Heavy duty trucks	2,878
Precision Castparts Corporation	Steel castings	2,110
Tektronix Inc.	Electronic instruments	2,000
Hewlett-Packard Co.	Computer printers	1,900
Wacker Siltronic Corporation	Silicon semiconductor materials	1,300
Non-Manufacturing Employers		
Providence Health System	Health care & health insurance	13,496
Fred Meyer Stores	Grocery & retail variety chain	10,500
Kaiser Foundation Health Plan of the NW	Healthcare	8,000
Legacy Health System	Nonprofit health care	7,972
Safeway Inc.	Grocery chain	6,000
Albertsons Food Centers	Retail grocery chain	5,600
U.S. Bank	Bank & holding company	4,138
Wells Fargo	Bank	3,813
Regal Cinemas	Movie theatre and concessions	3,100
Southwest Washington Medical Center	Health care	3,009
McDonald's Corporation	Fast food franchise	3,000
Public Employers		
U.S. Government	Government	18,400
State of Oregon	Government	14,600 [1]
Oregon Health and Science University	Health care & education	11,400
City of Portland	Government	8,485
Multnomah County	Government	4,582
Portland Community College	Education	4,123
Portland State University	Education	3,800

Note: Workforce and economic statistics for Oregon's revised Metropolitan Statistical Areas (MSAs) will be reflected starting late 2004. The data in this table reflects the previous definition of the Portland-Vancouver MSA which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington.

1. 2003 employment. Total may include part-time, seasonal and temporary employees.

Source: State of Oregon Employment Department, Portland Business Alliance and Regional Financial Advisors, Inc.

The Portland-Vancouver MSA showed a slight decline in the manufacturing sector between 1993 and 2003, though computer and electronic manufacturing employment increased. In the non-manufacturing sector there have been increases in employment in all areas.

TABLE 27 -- Portland-Vancouver MSA Non-Farm Wage & Salary Employment[1]

	1993		2003		
	Annual Average (000)	**Percent Of Total (000)**	**Annual Average (000)**	**Percent of Total (000)**	**Compound Annual Average Rate of change**
Nonfarm					
Wage & Salary Employment	**766.9**	100.0%	**924.8**	100.0%	1.89%
Manufacturing	**122.2**	15.9	**117.8**	12.7	(0.37)
Durable goods	84.8	11.1	87.8	9.5	0.35
Wood products	6.2	0.8	5.3	0.6	(1.56)
Metal manufacturing	17.4	2.3	17.2	1.9	(0.12)
Machinery manufacturing	9.0	1.2	8.5	0.9	(0.57)
Computer & electronic manufacturing	28.5	3.7	34.8	3.8	2.02
Nondurable goods	37.4	4.9	30.0	3.2	(2.18)
Nonmanufacturing	**644.7**	84.1	**807.0**	87.3	2.27
Construction & mining	37.2	4.9	50.4	5.5	3.08
Trade, transportation & utilities	162.0	21.1	190.4	20.6	1.63
Information	17.9	2.3	23.4	2.5	2.72
Financial activities	53.5	7.0	67.5	7.3	2.35
Services	267.2	34.8	347.4	37.6	2.66
Government	106.9	13.9	128.0	13.8	1.82

Note: Totals may not foot due to rounding.

1. Workforce and economic statistics for Oregon's revised Metropolitan Statistical Areas (MSAs) will be reflected starting late 2004. The data in this table reflects the previous definition of the Portland-Vancouver MSA which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington.

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

UNEMPLOYMENT

As reflected in the table below, the Portland-Vancouver metropolitan area, like the State and the nation, experienced an increase in the jobless rate in 2002 and 2003. The State of Oregon Employment Department reported a PMSA unemployment rate of 6.7% for the month of April 2004, the most current information available.

TABLE 28 -- Average Annual Unemployment

Year	Portland-Vancouver MSA[1]	State of Oregon	USA
1993	6.0%	7.3%	6.9%
1994	4.3	5.5	6.1
1995	3.7	4.8	5.6
1996	4.5	5.9	5.4
1997	4.3	5.8	4.9
1998	4.2	5.6	4.5
1999	4.5	5.7	4.2
2000	4.0	4.9	4.0
2001	5.9	6.3	4.7
2002	7.8	7.5	5.8
2003	8.5	8.2	6.0

1. Workforce and economic statistics for Oregon's revised Metropolitan Statistical Areas (MSAs) will be reflected starting late 2004. The data in this table reflects the previous definition of the Portland-Vancouver MSA which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington.

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

DEVELOPMENT ACTIVITY

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 includes Beaverton, Tigard, Tualatin and Hillsboro. Clackamas County includes Milwaukie, Oregon City, Lake Oswego and West Linn. As a major transportation hub of the Pacific Coast with water, land and air connections, Multnomah and Washington counties serve expanding international markets.

The Portland metropolitan area is home to more than 51,000 businesses, according to the *2003/04 Largest Employers of the Portland-Vancouver Metropolitan Area* published by the Portland Business Alliance. Of those, about 2,400 are classified as headquarter firms. Four companies included on *Fortune* magazine's 2003 list of the 1,000 largest corporations in the United States have world headquarters in the Portland metropolitan area: Hollywood Entertainment, Louisiana-Pacific Corporation, Nike, Inc. and Precision Castparts. Louisiana-Pacific Corporation announced in September 2003 plans to relocate its corporate headquarters from Portland to Nashville, Tennessee during the next 12 to 15 months.

Current activities showing retail, commercial and industrial changes in the County are reflected in the following building and economic development projects.

City of Portland Development

A $63 million expansion at retail center Pioneer Place was completed and became operational in March 2000. The 155,000 square-foot expansion provides space for cinemas, a restaurant and 25 retailers. In June 2003, Regal Entertainment Group completed development of the 32,000 square-foot cinema space, which had remained vacant for over two years. The six-screen cinema features independent and art films. Romano's Macaroni Grill signed a lease in November 2003 to occupy the space adjacent to Tiffany & Co. Romano's plans to invest more than $2 million in the site, and employ about 130 people when it begins operations in June 2004. The 6,100 square-foot eatery will seat 265 people.

Tenth and Salmon Condominiums, LLC, along with BML Architects LLC, are preparing to break ground on the $19.5 million Roosevelt Towers. The 21-story residential tower will create 121 condominiums with 7,500 square feet of ground-floor retail and 88 parking spots. Construction is scheduled to begin in June 2004.

Portland State University ("PSU") completed construction in October 2003 of a $4.5 million, 11,000 square-foot project called the Native American Student and Community Center. The project was cosponsored with the American Indian Science and Engineering Society. The university worked with GBD Architects Inc. to add 14,000 square feet of program space and classrooms, as well as upgrade the playground area of the Child Development Center which was built in 1928. PSU re-opened the Helen Gordon Child Development Center in November 2003.

The U.S. General Services Administration ("GSA") awarded a contract in January 2004 to J.E. Dunn Construction for $16.72 million to begin a project involving the Pioneer Courthouse. The GSA plans to build a five-space parking lot for 9th U.S. Circuit Court of Appeals judges in the building's basement. The construction project also involves building a driveway to reach the parking area as well as renovation, seismic strengthening and restoration. Construction began in March 2004, with completion set for September 2005.

The RiverPlace Project, located within the South Waterfront/North Macadam District, is a mixed-use development on 73 acres along the west bank of the Willamette River, with apartments, restaurants, shops and office space. The most recent addition to RiverPlace Project is the Residence Inn by Marriott-Portland Downtown/RiverPlace, a 258-suite Residence Inn by Marriott, which opened in the summer 2001. In July 2003, the City approved a plan to extend the Portland Streetcar line 0.6 miles from PSU to RiverPlace. The $18.2 million project has an anticipated completion date of early 2005.

In August 2003, the City Council approved the South Waterfront Central District Development Agreement, which anticipates public and private investment of $1.9 billion to convert vacant former industrial land on Portland's waterfront into a new neighborhood with a mix of jobs, housing, retail and recreational facilities. The Agreement represents a partnership between the City, Oregon Health & Science University ("OHSU"), North Macadam Investors, LLC, and other private developers. The 31-acre project will be undertaken in three phases; Phase I, which broke ground in October 2003, is to be completed by 2008. Phase I development includes approximately 1000 units of student, affordable and market rate condominiums and apartments; a 150-200 room hotel and conference facility; a 250-400,000 square foot OHSU research/clinical building; OHSU structured parking; and various public infrastructure improvements including a new aerial tram connecting OHSU's Marquam Hill campus to the South Waterfront, an extension of the Portland Streetcar, and new streets, parks, and greenway improvements. Federal funding in the amount of $5.8 million was received in October 2003, and will be appropriated as follows: $1.2 million for OHSU biomedical and biodefense research programs; $3 million for the OHSU research building and $1.6 million for affordable housing, local infrastructure and streetcar expansion.

In the Pearl District (located within the River District urban renewal area), Gerding/Edlen Development purchased the former Blitz Weinhard Brewery, a five-block complex, known as the "Brewery Blocks," adjoining Burnside Street for $20 million. The firm is redeveloping the property into a mixed-use retail, commercial and housing complex. The brewery property is near a building that was redeveloped for Wieden & Kennedy (a national advertising firm) in the Pearl District as its international headquarters. Gerding/Edlen Development headed up the $20 million renovation of the Historic Cold Storage Building for Wieden & Kennedy. Whole Foods opened its first natural and organic supermarket in Oregon in the Brewery Blocks in March 2002. The new store has 175 employees. In fall 2002, the Art Institute of Portland moved into 70,000 square feet of Block 4. Tenants that moved into the

Brewery Blocks in 2003 include Tyco Telecom, Sur la Table kitchenware retailer, Baja Fresh Mexican Grill, and Peet's Coffee. Block 3 is expected to be completed in June 2004, and Block 5 in May 2005.

Portland Center Stage is planning to convert the Armory building in a move from downtown Portland to the Pearl District. The $28 million theater project is scheduled for completion in fall 2005.

Gerding/Edlen Development began construction in July 2003 of a project located between Northwest 12th and 13th Avenues, just north of Couch Street and Whole Foods Market. The $60 million building includes approximately 250 apartment units and is expected to be complete in spring 2005.

Prendergast & Associates began construction in July 2003 on the Burlington Tower, a $35 million, 10-story concrete building with 163 apartment units and an equal number of parking spaces below it. The Burlington Tower, located south of Lovejoy between Northwest Ninth and 10th Avenues, is expected to be completed in summer 2005.

In late 2002, Trammell Crow Residential began construction of 178 apartments between Northwest Ninth and 10th Avenues, just south of Irving Street and the Ecotrust building. 10th @ Hoyt, the $30 million, six-story steel building was completed in March 2004.

Hoyt Street Properties is continuing work on over $125 million in development of several blocks in the Pearl District. When completed, the Hoyt Street parcels will have more than 2,500 residences and 150,000 square feet of retail and commercial space on 34 acres in the District. The 12-story retail and residential loft project, the Gregory, was completed in the first half of 2001 with over 125 residential units, 3 floors of parking and 20,000 square feet of retail space. Construction began on the Bridgeport condominiums in January 2002. The west tower was completed in spring 2003, and the east tower was completed in summer 2003. Construction began in January 2003 on The Lexis, located between Northwest Ninth and 10th Avenues, north of Marshall Street and Lovejoy Station, which has 139 apartment units. The $22 million, wooden building will have four levels on one side and five levels facing west toward North Park Square. Completion is scheduled for June 2004.

In April 2002, outdoor equipment retailer REI announced that it would move its Jantzen Beach store to a 35,000 square-foot space located in a planned $35 million 124-unit loft and condominium development in the Pearl District. The project, proposed by developer John Carroll, was completed in April 2004.

Central City Concern ("CCC") partnered with developer Downtown Community Housing, Inc. and the PDC to build a replacement for the Danmoore. Construction began in July 2003 with the demolition of the site's existing one story building. Completion is scheduled for October 2004. The project is a 180-unit structure, called the 8 NW 8th Building, on the northeast corner of West Burnside and 8th Avenue. Portland Alternative Health Center, a CCC Health and Recovery Program, will have the commercial space on the first and second floors with its entrance on Burnside. The housing lobby on the first floor opens off of 8th Avenue at the North Park Blocks and a large community space, library, and offices on the second floor will serve all of the building's residents. Floors three through eight will have the 120 transitional single room occupancy units and community spaces to replace those at the current Danmoore.

East County Development

The Columbia Corridor contains nearly 4,700 acres of vacant industrial land along a 16-mile stretch that runs along the southern shore of the Columbia River and includes marine terminals and the international airport.

In August 2003, the Port Commission approved the sale of 13.5 acres in the Rivergate Industrial District to Oregon Transfer Co. for approximately $2.8 million. Oregon Transfer plans to build and operate a 295,000 square-foot facility on the new property along North Leadbetter Street that will employ up to 30 people.

In March 2002, Trammell Crow Company and Kennedy Associates broke ground on the 23-acre Rivergate Corporate Center, positioned adjacent to the Port's Terminal 6 Marine facility within the Rivergate Industrial Park. Phase I was completed in October 2002, which consisted of two modern tilt-up buildings totaling 488,125 square feet. Construction on the Phase II building began on February 17, 2003. When completed, the building will total 607,000 square feet. In December 2002, Trammell Crow secured the first tenant of Rivergate Corporate Center. Truckload carrier Schneider National moved into Building B in December 2002, occupying 50,000 square feet. On February 7, 2003, Trammell Crow announced that Fort James Corp., a wholly owned subsidiary of Georgia-Pacific, signed a 402,450-square-foot pre-lease agreement for phase two of the Rivergate Corporate Center. The company moved into the building in September 2003.

Chandler, Arizona-based Microchip Technology purchased the vacant Fujitsu Microelectronics complex in Gresham in August 2002 for $183.5 million. Microchip began volume production in October 2003, with 122 employees. The company plans to reach full capacity with over 350 employees in five to six years.

Oregon Steel closed its Rivergate melt shop on May 23, 2003, bringing total layoffs to 280 employees. In October 2003, Oregon Steel leased the equipment of the former LTV Structural Tube Facility located in Rivergate Industrial Park. The facility, known as Columbia Structural Tubing ("CST") will produce rectangular hollow steel sections in sizes ranging from 2 1/2 inches to 10 inches. CST expects to hire approximately 30 employees to start up operations and could employ up to 50 employees, depending on production levels.

Staples, Inc. purchased 23 acres at Southshore Corporate Park for a 200,000 square-foot build-to-suit regional warehouse and distribution center. Catellus Development is constructing the $15 million building. The first phase of Staples' new warehouse and distribution center was completed in September 2003 and employs more than 100 people.

Providence Portland Medical Center is planning a parking garage and a nine-story medical facility that will consolidate cancer services. The parking garage will be phase one of the development. Located at the hospital's campus at 4805 N.E. Glisan Street, it will cost $18 million, accommodate parking for 750 additional cars and will be completed in 2005. The second phase of the project, a 400,000 square-foot, nine-story building will cost $150 million and likely be completed in 2007. The facility will provide 124 additional beds and a comprehensive cancer center.

Integra Telecom will relocate its national headquarters to Northeast Portland by summer 2004. The PDC gave Integra a $600,000 aid package as incentive to move from its Washington County home. The relocation will bring about 300 jobs to the area, with Integra leasing 51,000 square feet of new office space in the 1201 Lloyd Building and another 12,000 square feet for a technical operations center near the new main office at Northeast 12th Avenue and Lloyd Boulevard.

Construction began in October 2003 on a $36 million, mixed-use development called 1620 Broadway. The project features 225,000 square feet of living and shopping space, including 88 condominiums and three levels of underground parking. The ground floor will feature a Zupan's Market that will employ 75 to 100 people. The project will provide more than 300 construction jobs.

Vocational Village, an alternative high school program, plans to move from Northeast Tillamook Street to the old Meek Elementary School building at Northeast 40th Avenue and Alberta Court. The Portland School Board agreed to spend $1.7 million to modify Meek to accommodate Vocational Village's job training programs. Modifications are expected to be finished by fall 2004.

The Rosewood Family Medical Clinic began construction in October 2003 on a $2.9 million project, located at 8935 S.E. Powell Boulevard. The new clinic will be owned and operated by Yakima Valley Farm Workers Clinic, and will bring 25 jobs to the Lents neighborhood.

Cascadia Behavorial Healthcare began construction in January 2004 on Midland Commons. The $5.3 million, 39,000 square-foot project will consist of two adjacent apartment buildings, located at 2830 SE 127th Avenue. Completion is expected by November 2004.

PCC opened its new Southeast Center at Southeast 82nd Avenue and Division Street on December 29, 2003. The new facility replaces the existing center, which is several blocks south. The cost, which includes purchase of land, construction, permits, furniture, and equipment, was $26.3 million.

Construction was completed in April 2003 on the $98 million, 407,500-square-foot expansion of the Oregon Convention Center. Funding of the new Convention Center space came from the PDC, the Metropolitan Exposition-Recreation Commission, and a bond package backed by the City. Revenues to retire the bonds will be generated through 2.5 percent increases in lodging and car-rental taxes in Multnomah County.

In 1998, the City Council established the Lents Town Center as an urban renewal area. Community leaders and the PDC are developing a plan to complete community revitalization projects and create affordable housing options. Construction of the Crossroads Plaza at SE 92nd Avenue and Foster Road was completed in August 2001. Rose Community Development Corp. completed construction in December 2003 on Reedway Place Apartments, a 24-unit, $3.3 million low-income apartment complex at SE 91st Avenue and Reedway Street.

In late 2001, the Housing Authority of Portland ("HAP") was awarded a $35 million HOPE IV grant that anchors a $150 million investment to redevelop the aging Columbia Villa public housing in Northeast Portland into "New Columbia". The PDC announced in August 2003 that five projects will receive $1.8 million to help replace low-income housing units at Columbia Villa. Construction on New Columbia began in December 2003 and is expected to completed by 2006.

Hillsdale Library opened its new building in March 2004, completing the County's multi-year $24.1 million library renovation project. The Sellwood-Moreland Library opened in February 2002 and the Hollywood Library opened in May 2002.

INCOME

In recent years, per capita personal income in the Portland-Vancouver Metropolitan Statistical Area (PMSA) has been consistently higher than in the state and nation. The PMSA has been revised as the Portland-Vancouver-Beaverton Metropolitan Statistical Area (MSA) and consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark and Skamania counties in Washington. Income estimates are now available for the revised Oregon MSAs.

The following table shows personal income and per capita income for the Portland-Vancouver-Beaverton MSA compared to similar data for the state and nation. The compounded annual rate of change in total personal income for the Portland-Vancouver-Beaverton MSA for 1992 to 2002 was 6.40 percent. The compounded annual rate of change in per capita income for the Portland-Vancouver-Beaverton MSA was 4.15 percent for 1992 to 2002, compared with 4.12 percent for the State, and 4.01 percent for the nation as a whole.

TABLE 29 -- Income Estimates

	Portland-Vancouver-Beaverton MSA Total Personal	Per Capita Income		
Year	**Income[1] (millions)**	**Portland-Vancouver-Beaverton MSA[1]**	**State of Oregon**	**USA**
1992	$34,811	$21,412	$19,235	$20,854
1993	37,352	22,371	20,046	21,346
1994	40,123	23,488	21,060	22,172
1995	43,598	24,924	22,293	23,076
1996	47,266	26,301	23,398	24,175
1997	50,912	27,672	24,469	25,334
1998	54,106	28,851	25,542	26,883
1999	56,918	29,858	26,480	27,939
2000	62,190	32,127	28,100	29,847
2001	63,892	32,326	28,512	30,527
2002	64,755	32,167	28,792	30,906
2003	N/A	N/A	29,340	31,632
Compounded Annual Rate of Change	6.40%	4.15%	4.12%	4.01%

Note: Per Capita Income for 2003 is preliminary. 2003 figures for the Portland-Vancouver-Beaverton MSA will be released in May 2005.

1. Income estimates for the revised Portland-Vancouver-Beaverton Metropolitan Statistical Area (MSA) are reflected in this table. The Portland-Vancouver-Beaverton MSA consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark and Skamania Counties in Washington.

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

AGRICULTURE

Agriculture in Multnomah County is highly diversified, with nursery crops, greenhouse crops, specialty crops, lettuce and Christmas trees as the top five commodities for 2003. Gross Farm Sales for the County in 2003 were $69,767,000.

TABLE 30 -- Gross Farm Sales in Multnomah County ($000)

	Multnomah County			State of Oregon		
Year	Crops	Animal Products	Total	Crops	Animal Products	Total
1993	$51,246	$1,485	$52,731	$2,205,922	$780,011	$2,985,933
1994	50,383	2,120	52,503	2,239,748	769,914	3,009,662
1995	44,595	1,907	46,502	2,413,502	699,261	3,112,763
1996	46,673	1,809	48,482	2,470,264	697,168	3,167,432
1997	50,676	2,195	52,871	2,557,532	776,566	3,334,098
1998	52,787	2,060	54,847	2,375,227	763,992	3,139,219
1999	56,492	1,850	58,342	2,422,650	815,609	3,238,259
2000	58,081	2,070	60,151	2,490,264	869,616	3,359,881
2001	59,393	2,029	61,422	2,394,839	934,410	3,329,249
2002	64,779	2,020	66,800	2,381,118	884,930	3,266,048
2003	67,547	2,219	69,767	2,490,630	978,136	3,468,766

Source: Extension Economic Information Office, Oregon State University.

HOUSING

Based on the Market Action report, a publication of RMLS, the April 2004 year-to-date median sales price of a home in the North Portland area was $153,100; in the Northeast Portland area, $190,000; in Southeast Portland, $167,500; and in Gresham/Troutdale areas, $175,000.

TABLE 31 -- Building Activity in the County

	Residential Construction		
Calendar Year	Number of Single Family Permits	Number of Multi-Family Permits	Value of Residential Construction ($000)
1994	1,607	884	$235,703
1995	868	554	128,981
1996	1,738	2,715	320,872
1997	1,669	2,662	350,666
1998	1,679	2,325	353,060
1999	1,583	2,058	315,125
2000	1,420	1,171	266,445
2001	1,688	1,208	352,975
2002	1,718	1,564	389,127
2003	1,582	3,289	514,172

Source: Center for Population Research & Census, Portland State University.

TRANSPORTATION AND DISTRIBUTION

Marine and Aviation

The Port of Portland is a port district encompassing Multnomah, Clackamas and Washington counties. The Port owns and maintains four marine terminals, four airports, and seven business parks. In tonnage of total waterborne commerce, the Port is currently ranked as the third largest volume port on the West Coast, after Long Beach and Los Angeles. Exports include wheat, potash, soda ash and hay. Imports include automobiles, petroleum products, steel and cement. The Port is the largest wheat export port in the United States and the third largest export tonnage port on the West Coast. The Port is the largest volume auto handling port and mineral bulks port on the West Coast. Total maritime tonnage declined in 2002 to 10.7 million short tons compared to 11.1 million in 2001.

Portland International Airport ("PDX") handles approximately 12 million passengers annually, and is served by 17 passenger carriers providing more than 500 flights daily to over 100 cities in the US and Canada. Lufthansa began offering daily service from PDX to Frankfurt, Germany in March 2003.

Rail

Portland is the western terminus for the east-west rail corridor which runs at river grade along the Columbia River. The County is served by two transcontinental railroads: the Burlington Northern, Santa Fe and Union Pacific. The metropolitan area is also served by the Amtrak passenger train system.

Highways and Trucking

Transportation in Multnomah County 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 the City of 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 are 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. One hundred national, regional and local truck lines serve the Portland metropolitan area.

Bus and Light Rail

The Tri-County Metropolitan Transportation District of Oregon ("Tri-Met"), the regional public transit agency, provides rail and bus service throughout Multnomah, Clackamas and Washington counties. In 2003, approximately 88.9 million passengers traveled by bus and rail.

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. The Westside extension of the light rail line into Washington County was completed in 1998, extending the line out to the cities of Beaverton and Hillsboro. Construction of the $125 million light rail link to PDX, Airport MAX, was completed in September 2001. In November 2000 Tri-Met began construction on a $350 million project to extend MAX from the Rose Quarter and Oregon Convention Center 5.8 miles into North Portland neighborhoods, medical facilities, and the Metropolitan Exposition Center. Service on the Interstate MAX began in May 2004.

PUBLIC FACILITIES

Sewer

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

Water

Multnomah County and the Portland metropolitan area have two water sources: The Bull Run watershed and the Columbia South Shore well field. These sources serve more than a quarter of all Oregonians. Water from Bull Run and the Columbia South Shore well field consistently meets or surpasses the water quality required by federal and state regulations.

The Bull Run watershed became the City of Portland's primary source of drinking water in 1895. The Bull Run is located east of Portland in the foothills of the Cascades. The City of Portland and the U.S. Forest Service jointly manage this highly protected watershed. The watershed can supply up to 225 million gallons of water per day (mgd). Average winter usage for the system is about 100 mgd; summertime use is about 150 mgd.

The Columbia South Shore well field is south of the Columbia River and just east of the Portland International Airport. More than 20 production wells produce as much as 90 mgd.

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.

HIGHER EDUCATION

Multnomah County and the Portland metropolitan area are the educational centers for the State of Oregon. Within the Portland metropolitan area are several post-secondary educational systems.

Portland State University ("PSU") is the largest of seven campuses in the Oregon State System of Higher Education. PSU is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 100 undergraduate, masters, and doctoral degrees, as well as graduate certificates and continuing education programs. Fall 2003 enrollment was 23,117. PSU is noted for the development of programs specifically designed to meet the needs of the urban center.

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

Oregon Health & Science University's ("OHSU") Marquam Hill Campus sits on more than 100 acres overlooking downtown Portland and occupies 31 major buildings on the hill. OHSU includes the schools of dentistry, medicine, nursing, and science and engineering. OHSU also includes Doernbecher Children's Hospital and OHSU Hospital, as well as primary care and specialty clinics, research institutes and centers, interdisciplinary centers, and community service programs. Each year, OHSU serves approximately 188,000 medical and dental patients and educates more than 3,500 students and trainees in health information technology, sciences, environmental engineering, computation and management. Competitive funding awards have nearly quadrupled during the last decade – from $43 million in 1990 to $221 million in 2003. OHSU is on of the County's largest employers with 2003-04 employment of 11,400.

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

Community colleges serving the Portland area include Portland Community College, which operates educational centers at several locations throughout the area, in neighboring Washington County, and in Columbia County to the north; Mt. Hood Community College in Gresham, east of Portland; and Clackamas Community College at Oregon City in Clackamas County. The Division of Continuing Education of the State System of Higher Education offers a diversified program for adult education in the City of Portland, principally through evening classes but also through correspondence classes and other services.

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

According to the Portland Oregon Visitor's Association ("POVA"), 152,760 visitors attended 248 conventions at the Oregon Convention Center from January through September of 2003. Lodging occupancy rates for downtown Portland averaged 73.0 percent through July 2003, up from 70.3 percent during the same period last year. Local and diverse cultural and recreational facilities include the Oregon Symphony and associated musical organizations, Portland Center for the Performing Arts, Oregon Ballet, Portland Opera, Portland Art Museum, Oregon Historical Society Museum, Children's Museum, OMSI, Western Forestry Center, Japanese Gardens, International Rose Test Gardens, the Classical Chinese Garden and the Oregon Zoo. The Portland metropolitan area includes more than 40 other local theater and performance art companies and ten additional gardens of special interest. Portland is the home of Forest Park, the largest urban park in the United States with a total of more than 5,000 acres.

Professional sports teams, the National Basketball Association ("NBA") Portland Trail Blazers and the Western Hockey League ("WHL") Portland Winterhawks, play at the Rose Garden Arena complex and the Memorial Coliseum. The former Civic Stadium underwent $38.5 million in renovations and re-opened as PGE Park on April 30, 2001. PGE Park is home to the Portland Beavers (Triple-A baseball), the Portland Timbers (A-League soccer), and the Portland State Vikings (Division I college football).

The Pacific Ocean and the Oregon Coast lie to the west, the Columbia Gorge and Mt. Hood, Mt. St. Helens and Mt. Adams in the Cascade Range lie to the east, and the fertile Willamette Valley to the south offers hiking, camping, swimming, fishing, sailboarding, skiing, wildlife watching, and numerous other outdoor activities.

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

PROPOSED INITIATIVE MEASURES WHICH QUALIFY TO BE PLACED ON THE BALLOT

To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a Governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2002 general election, the requirement was eight percent (89,048 signatures) for a constitutional amendment measure and six percent (66,786 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

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

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

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

TABLE 32 -- Initiatives in Recent Oregon General Elections

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
1990	8	3
1992	7	0
1994	16	8
1996	16	4
1998	10	6
2000	18	5
2002	7	3

The Oregon Secretary of State will not certify any initiatives to the 2004 General Election Ballot until after July 2, 2004**.**

Sources: Elections Division, Oregon Secretary of State.

CURRENT INITIATIVES

Under current law citizen initiatives may only appear on general election ballots in even numbered years. The next election for which citizen initiatives may qualify to appear on the ballot is the November 2004 general election.

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 on a ballot for voter approval, or if placed on a ballot, will be approved by voters.

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

RECENT STATE OF OREGON DEVELOPMENTS

The State's tax receipts have been less than the amounts the State has budgeted to receive. The County's Human Services Department and Community Corrections function are recipients of major state assistance to their programs; state shortfalls will result in the loss of approximately $10 million in state support of their activities. The Board of County Commissioners has determined that the State funding shortfall will not be backfilled by County General Fund resources.

TAX EXEMPTION

In the opinion of Note Counsel, assuming compliance with certain covenants of the County, interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Notes is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Note held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a Note held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Notes may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Note Counsel expresses no opinion as to any such collateral federal income tax consequences. Purchasers of the Notes should consult their own tax advisors as to collateral federal income tax consequences.

Note Counsel is of the opinion that, under the laws of the State of Oregon, as currently enacted and construed, interest on the Notes is exempt from Oregon personal income tax.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a MIG-1 rating to the Notes. An explanation of the significance of the rating may be obtained only from the rating agency. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating 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 Notes.

LITIGATION

There is no litigation pending or threatened against the County that would affect the validity of the Notes. 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 Notes when due, nor which would materially and adversely affect the financial condition of the County.

LEGAL MATTERS

Preston Gates & Ellis LLP, Oregon, Note Counsel to the County, will render an opinion with respect to the validity of and tax status with respect to the Notes. The form of opinion of Note Counsel to be rendered in connection with the issuance of the Notes is set forth in Appendix C hereto. Note Counsel has reviewed this Official Statement only to confirm that the portions of it describing the Notes, the Agreements and the authority to issue the Notes, and the treatment of the Notes 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 Note Counsel.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes have not been designated by the County as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code. As a result, banks, thrift institutions, financial institutions and other holders of the Notes will be denied a deduction of 100 percent of their interest expense allocable to the Notes.

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 to execute and deliver a Continuing Disclosure Certificate, substantially in the form attached hereto as Appendix D for the benefit of the Note 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 Notes, the Authorized Representative of the County will deliver a certificate addressed to the successful Proposer 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 Notes, 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 Notes 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.

UNDERWRITING

The Notes are being purchased by Banc of America Securities LLC, the Underwriter. The Purchase Contract provides that the Underwriter will purchase all of the Notes if any are purchased, at a price of 101.3701 percent of the par value of the Notes. The Notes will be reoffered at an average price of 101.4230 percent of the par value of the Notes, resulting in an underwriting spread of $0.529 per $1,000 of principal. After the initial public offering, the public offering prices may be varied from time to time.

MISCELLANEOUS

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 successful Proposer 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 Notes. 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 Notes. 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 Notes, does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Notes there has been no material change in the affairs (financial or other), financial condition or results of operations of the 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

APPENDIX A
RESOLUTION NO. 04-067

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BEFORE THE BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 04-067

Authorizing Issuance and Sale of Short-Term Promissory Notes, (Tax and Revenue Anticipation Notes), Series 2004 in the Amount of $20,000,000

The Multnomah County Board of Commissioners Finds:

a. Prior to the receipt of sufficient monies from tax collections and from other budgeted and unpledged revenues which the County estimates will be received from other sources during the fiscal year 2004-05, there is a need for the County to contract indebtedness, not to exceed in the aggregate its estimated maximum cumulative cash flow deficit as defined in regulations of the United States Treasury, by the issuance of tax and revenue anticipation notes (the "Notes") to meet the County's current expenses for fiscal year 2004-05.

b. Oregon Revised Statutes Section 288.165 permits the issuance of tax and revenue anticipation notes in an amount which does not exceed 80% of the amount budgeted by the County to be received during the 2004-05 fiscal year.

c. Prior to the sale and delivery of the Notes, provision therefor shall have been made in the County's duly adopted budget which shall have been filed in the manner as provided by law. The County shall levy and collect ad valorem taxes as provided in the budget.

The Multnomah County Board of Commissioners Resolves:

1. Issuance of Notes. The Board of County Commissioners of the County authorizes the issuance and negotiated sale of not to exceed $20,000,000 of its Tax and Revenue Anticipation Notes, Series 2004. The Notes are issued pursuant to Oregon Revised Statutes Section 288.165. The Notes shall be issued in denominations of $5,000 each, or integral multiples thereof, as negotiable notes of the County and shall bear interest at a true effective rate not to exceed four percent (4.00%). The County authorizes the Chief Financial Officer or the Treasury Manager (each an "Authorized Representative") to determine the principal amount, interest rate, denominations and to determine the underwriter for the purchase of the Notes and to evaluate the terms of a proposal received from the underwriter for the purchase of the Notes. The Notes shall not be issued prior to the beginning of, and shall mature not later than, the end of the fiscal year in which such taxes or other revenues are expected to be received. The Notes issued in anticipation of taxes or other revenues shall not be issued in an amount greater than eighty percent (80%) of the amount budgeted to be received in fiscal year 2004-05.

2. Title and Execution of Notes. The Notes shall be titled "Multnomah County, Oregon Tax and Revenue Anticipation Notes, Series 2004" and shall be executed on behalf of the County with the manual or facsimile signature of the Chair of the Board of County

Commissioners and shall be attested by the Authorized Representative. The Notes may be initially issued in book-entry form as a single, typewritten note and issued in the registered name of the nominee of The Depository Trust Company, New York, New York in book-entry form. The Notes may be issued without certificates being made available to the note holders except in the event that the book-entry form is discontinued in which event the Notes will be issued with certificates to be executed delivered and transferred as herein provided.

3. Appointment of Paying Agent and Note Registrar. The Authorized Representative is authorized to designate a Paying Agent and Note Registrar for the Notes.

4. Book-Entry System. The ownership of the Notes shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on The Depository Trust Company book-entry system. The Notes shall be initially issued in the form of a separate, fully registered typewritten note (the "Global Certificate"). The Global Certificate shall be registered in the name of Cede & Co. as nominee (the "Nominee") of The Depository Trust Company (the "Depository") as the "Registered Owner," and such Global Certificate shall be lodged with the Depository or the Paying Agent and Note Registrar until maturity of the Note issue. The Paying Agent shall remit payment for the maturing principal and interest on the Notes to the Registered Owner for distribution by the Nominee for the benefit of the noteholders (the "Beneficial Owner" or "Record Owner") by recorded entry on the books of the Depository participants and correspondents. While the Notes are in book-entry-only form, the Notes will be available in denominations of $5,000 or any integral multiple thereof.

The Authorized Representative has filed with the Depository a Blanket Issuer Letter of Representations, dated March 9, 1995, to induce the Depository to accept the Notes as eligible for deposit at the Depository. The County is authorized to provide the Depository with the Preliminary Official Statement, together with the completed Depository's underwriting questionnaire.

The execution and delivery of the Blanket Letter of Representations and the providing to the Depository of the Preliminary Official Statement and the underwriting questionnaire shall not in any way impose upon the County any obligation whatsoever with respect to persons having interests in the Notes other than the Registered Owners of the Notes as shown on the registration books maintained by the Paying Agent and Note Registrar. The Paying Agent and Note Registrar, in writing, shall accept the book-entry system and shall agree to take all action necessary to at all times comply with the Depository's operational arrangements for the book-entry system. The Authorized Representative may take all other action to qualify the Notes for the Depository's book-entry system.

In the event (a) the Depository determines not to continue to act as securities depository for the Notes, or (b) the County determines that the Depository shall no longer so act, then the County will discontinue the book-entry system with the Depository. If the County fails to identify another qualified securities depository to replace the Depository, the Notes shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Paying Agent and Note Registrar in the name of the Registered Owner as appearing on the registration books of the Paying Agent and Note Registrar and thereafter in the name or names of the owners of the Notes transferring or exchanging Notes in accordance with the provisions herein.

With respect to Notes registered in the registration books maintained by the Paying Agent and Note Registrar in the name of the Nominee of the Depository, the County, and the Paying Agent and Note Registrar shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner on behalf of which such participants or correspondents act as agent for the Registered Owner with respect to:

i. the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Notes,

ii. the delivery to any participant or correspondent or any other person, other than a Registered Owner as shown in the registration books maintained by the Paying Agent and Note Registrar, of any notice with respect to the Notes, including any notice of redemption,

iii. the payment to any participant, correspondent or any other person other than the Registered Owner of the Notes as shown in the registration books maintained by the Paying Agent and Note Registrar, of any amount with respect to principal or interest on the Notes. Notwithstanding the book-entry system, the County may treat and consider the Registered Owner in whose name each Note is registered in the registration books maintained by the Paying Agent and Note Registrar as the Registered Owner and absolute owner of such Note for the purpose of payment of principal and interest with respect to such Note, or for the purpose of registering transfers with respect to such Note, or for all other purposes whatsoever. The County shall pay or cause to be paid all principal of and interest on the Notes only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Paying Agent and Note Registrar, or their representative 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.

Upon delivery by the Depository to the County and to the Registered Owner of a Note of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee then the word "Nominee" in this Resolution shall refer to such new nominee of the Depository, and upon receipt of such notice, the County shall promptly deliver a copy thereof to the Paying Agent and Note Registrar.

5. <u>Payment of Notes</u>. If the book-entry system has been discontinued, then the principal of and interest on the Notes shall be payable upon presentation of the Notes at maturity at the corporate trust office of the Paying Agent.

6. Special Account. The County shall establish a Special Account for the Notes. The County covenants for the benefit of the owners of the Notes to deposit ad valorem property taxes and any other legally available revenues by June 1, 2005, or such other date as approved by the Authorized Representative, into the Special Account until the Special Account holds an amount sufficient to pay principal of and interest on the Notes at maturity. Investment earnings, after full funding of principal and interest in the Special Account on or prior to June 1, 2005, may be transferred to the County's general fund. Monies in the Special Account shall not be invested in instruments which mature after the maturity date of the Notes. Monies in the Special Account shall be used solely to pay principal of and interest on the Notes. Additional Notes cannot be issued which will have any claim upon the monies in the Special Account. The Special Account must be fully funded prior to establishing and financing any other special account which is fundable from the 2004-05 ad valorem tax levy.

7. Security. The County's ad valorem property taxes, subject to the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, and the full faith and credit of the County, including all unobligated revenues in the County's general fund, are hereby irrevocably pledged to the punctual payment of principal of and interest on the Notes.

8. Optional Redemption. The Notes are not subject to optional redemption prior to their stated maturity date of June 30, 2005.

9. Form of Notes. The Notes shall be issued substantially in the form as approved by the County and Note Counsel to the County.

10. Negotiated Sale of Notes and Appointment of Underwriter. The Authorized Representative is authorized to negotiate, approve and deliver, on behalf of the County, a proposal from the underwriter providing for the purchase of the Notes with an underwriter to be selected by the Authorized Representative.

11. Appointment of Note Counsel. The Board appoints the firm of Preston Gates & Ellis LLP of Portland, Oregon as Note Counsel.

12. Appointment of Financial Advisor. The Board appoints Regional Financial Advisors, Inc. as Financial Advisor to the County for the issuance of the Notes.

13. Covenant as to Arbitrage. The County covenants for the benefit of the owners of the Notes to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for the interest on the Notes to be excluded from gross income for federal income tax purposes, unless the County obtains an opinion of nationally recognized bond counsel that such compliance is not required for the interest payable on the Notes to be excluded. The County makes the following specific covenants with respect to the Code:

    i. The County shall not take any action or omit any action, if it would cause the Notes to become "arbitrage bonds" under Section 148 of the Code and shall pay any rebates to the United States which are required by Section 148(f) of the Code.

ii. The County shall not use the proceeds of the Notes in a manner which would cause the Notes to be "private activity bonds" within the meaning of Section 141 of the Code.

The covenants contained herein and any covenants in the closing documents for the Notes shall constitute contracts with the owners of the Notes, and shall be enforceable by such owners.

14. Notice of Material Events to Municipal Securities Rulemaking Board. Pursuant to SEC Rule 15c2-12(d)(3), the County agrees to provide or cause to be provided, in a timely manner, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of the occurrence of any of the following events with respect to the Notes, if material:

i. principal and interest payment delinquencies;

ii. non-payment related defaults;

iii. unscheduled draws on debt service reserves reflecting financial difficulties;

iv. unscheduled draws on credit enhancements reflecting financial difficulties;

v. substitution of credit or liquidity providers, or their failure to perform;

vi. adverse tax opinions or events affecting the tax-exempt status of the Notes;

vii. modifications to rights of holders of the Notes;

viii. bond calls;

ix. defeasances;

x. release, substitution, or sale of property securing repayment of the Notes; and

xi. 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 Notes, but the County does not undertake any commitment to provide such notice of any event except those events listed above.

15. Preliminary and Final Official Statement. The County shall, if required, cause the preparation of the preliminary official statement for the Notes which shall be available for distribution to prospective investors. In addition, if required, an official statement shall be prepared and ready for delivery to the purchasers of the Notes no later than the seventh (7th) business day after the sale of the Notes. When advised that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not

misleading in the light of the circumstances under which they are made, the Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the County.

16. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Notes by those who shall own the same from time to time (the "Noteowners"), the provisions of this Resolution shall be part of the contract of the County with the Noteowners and shall be deemed to be and shall constitute a contract between the County and the Noteowners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Notes, including without limitation the County's covenants and pledges contained in Section 7 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the County shall be contracts for the equal benefit, protection and security of the Noteowners, all of which shall be of equal rank without preference, priority or distinction of any of such Notes over any other thereof, except as expressly provided in or pursuant to this Resolution.

17. Closing of the Sale and Delivery of the Notes. The Authorized Representative is authorized to execute and deliver such additional documents, including a Tax Certificate, and any and all other things or acts necessary for the sale and delivery of the Notes as herein authorized. Such acts of the Authorized Representative are for and on behalf of the County and are authorized by the Board of County Commissioners of the County.

ADOPTED this 20th day of May, 2004.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

By: Diane M. Linn
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By: Agnes Sowle
Agnes Sowle, County Attorney

APPENDIX B
BOOK-ENTRY-ONLY SYSTEM

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DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $400 million, one certificate will be issued with respect to each $400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. 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 ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct 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 LLC, 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 Direct and Indirect Participants are on file with the Securities and Exchange Commission.

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

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in

bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

APPENDIX C
FORM OF NOTE COUNSEL LEGAL OPINION

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[FORM OF LEGAL OPINION]

________, 2004

Multnomah County, Oregon
Finance Division
501 S.E. Hawthorne Blvd., 4th Floor
Portland, Oregon 97214

Re: $20,000,000 Multnomah County, Oregon
Tax and Revenue Anticipation Notes, Series 2004

Ladies and Gentlemen:

We have acted as note counsel in connection with the authorization, issuance, sale and delivery by Multnomah County, Oregon (the "County") of its Tax and Revenue Anticipation Notes, Series 2004, in the aggregate principal amount of Twenty Million Dollars ($20,000,000) (the "Notes"), which are dated July 1, 2004. The Notes are issued pursuant to Resolution No. 04-067 adopted by the Board of County Commissioners of the County on May 20, 2004 (the "Note Resolution"). The Notes are being issued for the purpose of meeting current expenses of the County for the 2004-05 fiscal year and to pay the cost of issuance of the Notes. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Note Resolution.

We have examined the law, a duly certified transcript of proceedings of the County, prepared in part by us, relating to the issuance and sale of the Notes, 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 Notes, and we express no opinion relating thereto.

On questions of fact material to our opinion, we have relied on the representations of the County contained in the Note Resolution and in the certified proceedings and other certifications 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 other such 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 that:

A. The Notes 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, enforceable against the County in accordance with and subject to their terms except as such enforceability may be limited by: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (whether now or hereafter in existence); (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the County.

B. The County's ad valorem property taxes, subject to the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, and the full faith and credit of the County, including all unobligated revenues in the County's general fund, are hereby irrevocably pledged to the punctual payment of principal of and interest on the Notes.

C. Under existing law, and assuming compliance by the County with the covenants described below, interest on the Notes is excluded from the gross income of the recipients thereof for federal income tax purposes. Further, interest on the Notes will not be included as a specific preference item for purposes of the alternative minimum tax imposed on individuals and corporations.

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

In expressing the aforementioned opinions, we have relied on, and assume compliance by the County with certain representations and covenants regarding the use and investment of the proceeds of the Notes. Under the Internal Revenue Code of 1986, as amended (the "Code"), the County is required to comply with certain requirements subsequent to the issuance of the Notes to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Notes and use of facilities financed with such proceeds. The County has covenanted to comply with these requirements and the opinions expressed in paragraphs C and D hereof assume such compliance. However, we have not undertaken and do not undertake to monitor compliance by the County with such requirements; and if the County should fail to comply with such requirements, the interest on the Notes could become included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

Except as stated above, we express no opinion about any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Notes. Holders of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences.

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 or any change in law that may hereafter occur.

We have served only as note counsel to the County regarding the sale and issuance of the Notes and have not represented any other party in connection with the Notes. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the County.

The opinions expressed herein are solely for your benefit in connection with the above referenced note financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Notes, nor may copies be furnished to any other person or entity, without the prior written consent of Preston Gates & Ellis LLP.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

Attorneys

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated July 1, 2004, is executed and delivered by MULTNOMAH COUNTY, OREGON (the "County") in connection with the issuance of Tax and Revenue Anticipation Notes, Series 2004 (the "Notes"). The Notes are being issued pursuant to Resolution No. 04-067 adopted by the Board of County Commissioners of the County on May 20, 2004 (the "Resolution"). The County covenants as follows. Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

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 Notes and to assist the Underwriter(s) in complying with Securities and Exchange Commission (the "SEC") Rule 15c2-12 (17 C.F.R., § 240.15c2-12) (the "Rule"). Execution and delivery of this Certificate will qualify the Notes for a limited exemption from the Rule pursuant to paragraph (d)(3) of the Rule regarding municipal securities with a stated maturity of 18 months or less. In lieu of the County's limited undertaking pursuant to this Certificate, the County may undertake to provide annual financial information and notice of material events as described in paragraph (b)(5) of the Rule. Such undertaking, if any, shall be made by way of an amendment to this Certificate in accordance with Section 6 hereof.

Section 2. 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 state information depository, if any, located in the State of Oregon (the "SID"), notice of the occurrence of any of the following events with respect to the Notes, 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 Notes;

g. modifications to rights of holders of the Notes;

h. bond calls;

i. defeasances;

j. release, substitution, or sale of property securing repayment of the Notes; 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 Notes, but the County does not undertake any commitment to provide such notice of any event except those events listed above.

Section 3. 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 4. 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 Notes, which shall occur upon maturity of the Notes. In addition, and notwithstanding the provisions of Section 6 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 Notes, and (ii) the County notifies and provides to each NRMSIR or the MSRB and to the SID, a copy of such legal opinion.

Section 5. Enforceability and Remedies. The County agrees that this Certificate is intended to be for the benefit of the holders of the Notes and shall be enforceable by or on behalf of such holders; provided that, the right of holders of the Notes to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders of the Notes representing twenty-five percent (25%) of the aggregate outstanding principal amount of Notes. Provided further, that any failure by the County to comply with the provisions of this undertaking shall not be an event of default under the note documents. This Certificate confers no rights on any person or entity other than the County, holders of the Notes, and any Dissemination Agent.

Section 6. 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 Notes, as determined either by parties unaffiliated with the County (such as Note Counsel), or by approving vote of holders of the Notes pursuant to the terms of the note documents at the time of the amendment.

Section 7. 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.

MULTNOMAH COUNTY, OREGON

By: _______________________________________
Authorized Representative

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