Official Statement Dated June 11, 2003

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

In the opinion of Preston, Gates & Ellis LLP, Note Counsel, under existing law, assuming compliance by the County with its covenants with respect to the tax-exempt status of the Notes, the interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Note Counsel, the interest on the Notes is also exempt from present State of Oregon personal income taxes. The Notes are not "qualified tax-exempt Notes" under Section 265 of the Code. See “TAX EXEMPTION” for a description of certain collateral tax consequences.

MULTNOMAH COUNTY, OREGON

$40,000,000 Tax and Revenue Anticipation Notes, Series 2003

DATED: July 1, 2003 (Date of Closing) **DUE: June 30, 2004**

Interest Rate	Yield	CUSIP No.
1.75%	0.85%	625506 KS 8

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 established 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, 2004 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. 03-060 adopted May 1, 2003 by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $40,000,000 to meet current expenses of the County, incurred or to be incurred, during the fiscal year 2003-2004.

Payment Provisions: Principal and interest on the Tax and Revenue Anticipation Notes (the “Notes”) are payable at maturity on June 30, 2004 at the corporate trust office of U.S. Bank National Association, Portland, Oregon 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 U.S. Bank National Association in Portland, Oregon.

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 on behalf of DTC, on or about July 1, 2003.

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.

First Albany Corp

OFFICIAL STATEMENT

Of

MULTNOMAH COUNTY, OREGON

501 S.E. Hawthorne Blvd., 4th Flr.
Portland, Oregon 97214
(503) 988-3312
Website: www.co.multnomah.or.us*

Relating to:

$40,000,000 Tax and Revenue Anticipation Notes, Series 2003

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
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Portland, Oregon

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Portland, Oregon

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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
$40,000,000
TAX AND REVENUE ANTICIPATION NOTES, SERIES 2003

THE NOTES

AUTHORIZATION

The Notes are being issued pursuant to Oregon Revised Statutes Section 288.165 and Resolution 03-060, adopted May 1, 2003, by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $40,000,000 to meet current expenses for fiscal year 2003-2004 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 2003-04 fiscal year. The Notes represent approximately 22.15 percent of the County's budgeted 2003-04 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 established 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, 2004 into the Account sufficient amounts to pay principal and interest due on the Notes at maturity.

SOURCES AND USES OF FUNDS

The sources and uses of the Notes are as follows:

Sources of Funds	
Par Amount	$40,000,000.00
Original issue premium	356,400.00
Total sources of funds	**$40,356,400.00**
Uses of Funds	
Cash Flow	$40,307,000.00
Costs of issuance	25,000.00
Underwriter's discount	24,400.00
Total uses of funds	**$40,356,400.00**

Source: Multnomah County

FORM AND TERMS

The Notes offered hereby will be dated the date of closing, July 1, 2003 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, 2004.

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, 2004.

Paying Agent: U.S. Bank National Association, through its corporate trust office in Portland, Oregon.

Delivery: It is expected that the Depository Trust Company will credit accounts for beneficial owners on or about July 1, 2003.

ESTIMATED CASH FLOW 2003-04

The County is issuing $40,000,000 Tax and Revenue Anticipation Notes, Series 2003, 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 2003-04 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 2003-04 Budget assumes overall growth in Assessed Value of 3.0%. The County expects additional new construction worth approximately $400,000,000 to be added to the tax roll in addition to the general 2.2% increase.

The combination of Assessed Value and the permanent tax rate will produce approximately $181 million in property tax revenue for the operation of County programs in 2003-04.

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

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

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$8,862	$34,986	$14,185	($1,365)	($26,508)	$64,601	$71,714	$56,467	$37,027	$26,508	$32,653	($4,810)	$8,662
Property Taxes[2]	0	0	0	155	110,565	40,615	4,219	1,719	8,335	1,174	1,108	12,634	180,525
Other Taxes	0	364	4,929	7,171	3,836	2,064	4,002	1,875	4,260	31,147	52,301	58,053	170,001
Intergovernmental	35	401	2,780	113	182	2,249	425	2,275	4	639	955	689	10,748
Interest[3]	3,200	62	(72)	(7)	(49)	25	(85)	(310)	(367)	(217)	(238)	(127)	1,815
Other Receipts	743	938	1,258	3,081	2,630	8,605	2,547	1,784	2,444	357	357	595	25,339
TRANS Proceeds	40,000	0	0	0	0	0	0	0	0	0	0	0	40,000
Cash Transfers	111	97	93	109	113	96	116	114	546	0	0	292	1,686
Service Reimbursements	409	367	370	483	566	411	420	397	2	1,000	11	1,030	5,467
Total Available Cash	$53,360	$37,216	$23,543	$9,738	$91,336	$118,666	$83,357	$64,321	$52,251	$60,608	$87,148	$68,357	$444,443
TRANS Repaid[4]	$0	$0	$0	$0	$0	$20,600	$0	$0	$0	$0	$20,600	$0	$41,200
Payroll Costs	14,422	13,915	13,670	14,087	13,962	14,004	14,166	12,200	12,577	13,049	13,049	13,702	162,804
Material and Services	2,513	9,112	9,986	20,193	10,807	10,368	10,758	12,161	11,186	12,816	56,219	38,642	204,761
Capital Outlay	0	4	0	0	0	0	0	29	13	12	12	12	82
Cash Transfers	1,440	0	1,253	1,967	1,967	1,979	1,967	2,904	1,967	2,077	2,077	3,245	22,840
Total Disbursements	$18,374	$23,031	$24,909	$36,247	$26,735	$46,952	$26,890	$27,295	$25,743	$27,954	$91,958	$55,601	$431,687
Ending Cash[5, 6]	$34,986	$14,185	($1,365)	($26,508)	$64,601	$71,714	$56,467	$37,027	$26,508	$32,653	($4,810)	$12,756	$12,756

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. The 1997 Library Local Option levy is not included here.
3. Interest income has been reduced significantly to reflect a conservative estimate.
4. Approximately half the TRANs are being repaid from property tax and other general revenues mostly collected in November while the other half are to be repaid from a new personal income tax (see section later in this Official Statement entitled "Personal Income Tax") which will be collected in April and May. Therefore, the funding of the repayment Account is shown to occur in December and May according to the dates these repayment revenues are received.
5. Cash flow does not include separate General Reserve Fund of $9.1 million.
6. Cash deficits in September, October and May are expected to be covered by the County's Bridge, Road, Risk and General Reserve Funds.

Source: Multnomah County

The following table depicts the County's General Fund monthly cash flow for fiscal year 2002-03.

TABLE 2 -- Monthly Cash for Fiscal Year 2002-03[1] ($000)

	July (Actual)	August (Actual)	September (Actual)	October (Actual)	November (Actual)	December (Actual)	January (Actual)	February (Actual)	March (Actual)	April (Estimated)	May [2] (Estimated)	June [2] (Estimated)	Total
Beginning Cash	$7,832[3]	$11,394	($5,338)	($15,710)	($36,928)	$54,666	$63,783	$52,018	$42,885	$33,797	$24,828	$14,083	$7,832
Property Taxes[4]	0	0	0	151	107,633	39,538	4,107	1,673	8,114	1,143	1,079	12,299	175,737
Other Taxes	0	77	4,214	4,688	3,983	2,551	4,018	2,511	1,958	6,586	2,601	2,760	35,947
Intergovernmental	46	523	3,626	148	237	2,934	555	2,967	5	834	1,246	899	14,020
Interest[5]	0	302	263	222	174	29	363	450	499	326	302	200	3,130
Other Receipts	625	789	1,058	2,590	2,211	7,234	2,141	1,500	2,055	300	300	500	21,303
TRANS Proceeds	20,000	0	0	0	0	0	0	0	0	0	0	0	20,000
Cash Transfers	95	83	80	93	97	82	99	98	468	0	0	250	1,445
Service Reimbursements	391	351	354	462	542	393	402	380	2	957	11	986	5,231
Total Available Cash	28,989	$13,519	$4,257	($7,356)	$77,949	$107,427	$75,468	$61,597	$55,986	$43,943	$30,367	$31,977	$284,645
TRANS Repaid	$0	$0	$0	$0	$0	$20,500	$0	$0	$0	$0	$0	$0	$20,500
Payroll Costs	13,262	12,796	12,571	12,954	12,839	12,878	13,027	11,219	11,566	12,000	12,000	12,600	149,712
Material and Services	3,224	6,056	6,431	15,103	8,929	8,741	8,908	5,219	9,092	5,500	2,669	8,000	87,872
Capital Outlay	0	5	0	0	0	0	0	37	16	15	15	15	103
Cash Transfers[6, 7, 8]	1,109	0	965	1,515	1,515	1,525	1,515	2,237	1,515	1,600	1,600	2,500	17,596
Total Disbursements	$17,595	$18,857	$19,967	$29,572	$23,283	$43,644	$23,450	$18,712	$22,189	$19,115	$16,284	$23,115	$275,783
Ending Cash[9, 10]	$11,394	($5,338)	($15,710)	($36,928)	$54,666	$63,783	$52,018	$42,885	$33,797	$24,828	$14,083	$8,862	$8,862

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. Estimated as of May 1, 2003.
3. The beginning cash balance does not agree to the fund balance on Table 5 which is prepared on a GAAP basis and includes accruals of revenues and expenditures.
4. The 1997 Library Local Option levy is not included here.
5. Interest revenues are down due to lower interest rates.
6. The actual expenditure cash transfers do not follow the projected cash transfers because the new SAP financial system allows cash transfers to be made much sooner than in past years.
7. Beginning in fiscal year 2003 the Public Safety and Assessment and Taxation Fund was eliminated and merged with the General Fund. This resulted in cash transfer expenses declining in Public Safety by $30.7 million and Assessment and Taxation by $7.2 million.
8. Beginning in fiscal year 2003 all General Fund supported grant fund match are recorded in the General Fund and related cash transfer expense has been eliminated. Total amount is about $63 million.
9. Cash flow does not include $9.1 million held in a separate General Reserve Fund.
10. Cash deficits in August, September and October were covered by the Road Fund ($9.8 million), Bridge Fund ($3.9 million) and Risk Management Fund ($20.7 million) cash balances.

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 670,250 inhabitants as of July 2002. Portland, the county seat, was established in 1851 and is the state's largest city, with a July 2002 population of approximately 538,180. 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

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
Director, Business & Community Services	Cecilia Johnson	Nov-00	Not Elected
Finance Director	David A. Boyer	Apr-82	Not Elected
Treasury Manager	Harry S. Morton	Mar-94	Not Elected
Acting County Attorney	Agnes Sowle	Mar-03	Not Elected

Source: Multnomah County

Employees: At April 21, 2003, the County had 4,659 employees not including temporary employees. There are nine bargaining units representing 3,972 employees as listed in the following schedule. In addition, there are 687 management and exempt employees.

TABLE 4 -- Multnomah County, Oregon -- Bargaining Units

Bargaining Unit	Employees	Contract Expires
General Employees (Local 88)	2,938	06/30/04
Electricians (Local 48)	23	06/30/04
Operating Engineers (Local 87)	13	06/30/04
Paint Makers (Local 55)	3	06/30/04
Corrections (Teamsters 223)	468	06/30/04
Deputy Sheriffs Association	89	06/30/04
Oregon Nurses Association	292	06/30/04
Juvenile Group Workers (Local 86)	69	06/30/04
Prosecuting Attorneys Association	77	06/30/05
Total	**3,972**	

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 is responsible for accounts payable, accounts receivable, contract administration, materials management, general ledger, payroll, purchasing and treasury functions;

Budget and Improvement Services is responsible for designing and coordinating the budget process, and for financial forecasting;

Human Resources is responsible for the areas of personnel, training, collective bargaining agreements and employee benefits;

Information Services is responsible for data processing and telecommunications;

Risk Management is responsible for management, training, consultation ad policy recommendation for loss control, property insurance and workers' compensation; and

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

Elections is responsible for performing all functions relating to the conduct of all elections for governmental jurisdictions in Multnomah County;

Assessment and Taxation is responsible for property assessment, tax collection, recording, property records management, property foreclosures, Board of Equalization and Tax Title Fund management;

Animal control is responsible for the community's animal ownership ordinances that protect people and animals and operating an animal shelter for lost, stray and unwanted animals;

Emergency Management coordinates the performance of essential and emergency services for the public's benefit prior to, during, and following an emergency situation;

Facilities and property management is responsible for facilities operations and maintenance, property management, tax foreclosed property maintenance, and capital improvement projects;

Fleet, records, electronics and distribution is responsible for providing operational support services in the areas of county vehicles, records management, electronic equipment maintenance and interoffice and US mail processing; and

Transportation and land use planning is responsible for road, bridge and bikeway maintenance and capital projects, and to regulate planning activities in Multnomah County.

Sheriff's Office: Services include:

Corrections programs such as work release and out-of-custody supervision for pre-trial and sentenced offenders in Multnomah County;

In-jail alcohol and drug intervention services;

Patrol services to rural areas of unincorporated Multnomah County;

Narcotics education and intervention through the D.A.R.E. Program and narcotics enforcement through the Special Investigations Unit;

Civil process service and civil court enforcement of "execution process";

Water safety education and patrol of 97 miles of waterways within the boundaries of the County; 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 2001.

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 2001-02 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 2002 audit is available upon request to the County or can be found on the internet at www.co.multnomah.or.us/dbcs/finance.

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

	1997-98	1998-99	1999-00	2000-01[1]	2001-02
Revenues					
Taxes	$141,079	$201,795	$209,657	$206,580	$213,153
Licenses and permits	1,724	1,879	1,878	2,446	4,183
Intergovernmental revenue	17,185	17,282	16,446	18,989	18,454
Charges for services	6,975	7,448	6,287	7,442	8,697
Interest income	3,391	3,432	3,781	4,729	1,603
Other revenues	18,492	23,172	26,106	21,234	23,490
Total revenues	188,846	255,008	264,155	261,420	269,580
Expenditures					
Current					
General government	15,614	18,416	19,519	20,064	34,714
Health and social services	13,686	12,818	13,911	13,445	17,835
Public safety and judicial	77,987	84,769	93,085	103,309	107,136
Community services	10,449	29,546	13,461	14,477	--
Capital outlay	583	458	3,533	244	148
Debt service					
Interest	494	494	411	1,044	692
Total expenditures	118,813	146,501	143,920	152,583	160,525
Excess of revenues over (under) expenditures	70,033	108,507	120,235	108,837	109,055
Other financing sources (uses)					
Operating transfers in	3,541	1,078	1,518	999	975
Operating transfers (out)	(71,000)	(118,384)	(124,565)	(108,339)	(116,645)
Total other financing Sources (uses)	(67,459)	(117,306)	(123,047)	(107,340)	(115,670)
Excess of revenues and Other sources over (under) expenditures and other uses (Net change)	2,574	(8,799)	(2,812)	1,497	(6,615)
Fund Balance Beginning July 1	23,299	25,873	17,074	14,262	15,759
Fund Balance Ending June 30	$25,873	$17,074	$14,262	$15,759	$9,144 [2]

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

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)

	1997-98	1998-99	1999-00	2000-01[1]	2001-02
Assets and other debits					
Cash and Investments	$23,739	$14,928	$11,324	$17,954	$7,832
Receivables:					
Taxes	5,852	8,072	9,380	13,551	13,866
Accounts	6,291	5,909	6,751	6,353	4,693
Loans	--	--	--	--	--
Interest	713	2,320	2,153	2,858	2,015
Special Assessments	22	22	22	11	11
Contracts	20	6,990	6,486	5,962	2,304
Due from other funds	--	--	725	5,410	--
Inventories	537	552	955	816	715
Prepaid Items	79	53	14	53	183
Total assets and other debits	$37,253	$38,846	$37,810	$52,968	$31,619
Liabilities, equity and other credits					
Liabilities:					
Payrolls payable	--	--	---	$1,908	$1,986
Accounts payable	$3,003	$3,746	$4,552	15,816	8,787
Deferred revenues	4,997	14,275	14,916	15,132	11,702
Compensated absences	3,380	3,751	4,080	4,342	--
Amounts held in trust	--	--	--	11	--
Total liabilities	11,380	21,772	23,548	37,209	22,475
Equity and other credits:					
Inventories	537	552	955	816	
Prepaid Items	79	53	14	53	
Undesignated	25,257	16,469	13,293	14,890	9,144
Total equity and other credits	25,873	17,074	14,262	15,759	9,144
Total liabilities and fund equity	$37,253	$38,846	$37,810	$52,968	$31,619

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, 2002 was $9,137,000 (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.

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[1]	$18,281	$269,580	6.78%

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

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, 2002, the total accrued vacation liability in the General Fund and Other Funds was $16,161,000.

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 2002-03 Adopted Budget & 2003-04 Proposed Budget ($000) -- (All Funds)

	Revised 2002-03[1]	**Proposed 2003-04**
Resources		
Beginning working capital	$146,813	$120,405
Taxes	285,151	403,060
Intergovernmental sources	344,942	339,285
Licenses & permits	12,405	12,821
Service charges	20,325	16,317
Interest	8,713	4,644
Other sources	4,475	6,781
Service reimbursements	163,265	154,466
Cash transfers	41,269	31,385
Bonds/certificates	4,775	6,375
Total resources	$1,032,134	$1,095,539
Requirements		
County Human Services	$186,398	$171,375
School & Community Partnerships	33,205	29,594
Health Department	104,501	110,362
Juvenile & Adult Corrections	73,340	75,039
District Attorney	20,210	21,009
Sheriff	143,535	117,652
Business & Community Services	257,881	260,267
Nondepartmental	71,535	178,787
Library	55,379	48,442
Cash transfers	33,519	31,384
Contingency	13,151	19,233
Ending balance	39,478	32,395
Total requirements	$1,032,134	$1,095,539

Note: Columns may not foot due to rounding.

1. The County's approved budget for fiscal year 2002-03 includes the estimated impacts of the Shilo Urban Renewal Case.

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 $10,286,000 for the Fiscal Year ended June 30, 2002.

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 75% 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, 2002 was $210,009,337. The County's total payroll was $220,788,161. 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. The County's contribution rate decreased to 8.12% effective July 1, 2001. The County withholds the required 6% employee contribution from all employees' paychecks.

PERS policy provides for actuarially determined periodic contributions that are sufficient to pay benefits when due. Based on the assumptions of the December 31, 1999 actuarial valuation, the County's required contribution, including employees' contributions, was equal to the annual pension cost of $32,339,000.

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

1. Does not include lump-sum payment of $180,000,000 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, 1999) 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. 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)

Information for years prior to those shown is not available from PERS. Information for Actuarial Valuation Date 12/31/01 is not currently available.

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.

PERS has estimated that the Unfunded Actuarial Accrued Liability ("UAAL") for the system as a whole is approximately $56 billion as of December 31, 2001. However, the PERS Board has not adopted new fiscal year 2004 employer rates, due to the recent Marion County Circuit Court decision described below and legislature/governor involvement which creates some degree of uncertainty. This increase is due to the PERS fund investment return losses for 2001 and the PERS system guarantee of an 8% return for Tier One members.

There are numerous factors that could change the size of the UAAL for the system or the rates charged to local employers. Two of the recent factors that could have an impact on the UAAL and rates are the pending lawsuit against PERS by local employers and the change in actuarial equivalency tables.

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.

As of April 21, 2003 the Board had not complied with the Court Order.

PERS Legislation

The Legislative Bills signed by the Governor are expected to provide a savings to state and local governments and the PERS Board is to furnish new employer rates to state and local governments that are effective July 1, 2003. At the present time the County estimates its rates will decrease by at least 3.5 percent of payroll. However, the County cannot predict whether these estimates will be impacted by future legislation, litigation or the timing of the changes.

Currently there are several bills proceeding through the 2003 legislature. These bills range from changing the governance of PERS to (as of May 13, 2003) terminating the system and beginning a new system to making major changes to the current system. Some of the major bills that are currently being considered are:

- HB 2001 – Caps the assumed actuarial interest rate at 8%. (This bill has passed both the House and the Senate and the Governor has signed it).
- HB 2003 – Implements many of the items contained in Judge Lipscomb's court order. In addition the Bill was amended to suspend the guaranteed 8% earnings crediting to the Tier I fixed accounts until all deficits have been funded. (This Bill has passed both the House and the Senate and the Governor has signed it).
- HB 2004 – Implements new mortality table effective July 1, 2003. (This bill has passed both the House and the Senate and the Governor has signed it).

- HB 2005 – Changes the PERS Board make up from 12 to 5. (This bill has passed both the House and the Senate and the Governor has signed it).
- HB 2020 – Creates a new defined contribution retirement system for employees hired on or after January 1, 2004. (The bill has passed out of the PERS House Committee and is waiting to be voted on by the full House).
- There are many more bills that impact PERS but these are the major ones.

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, 2003

	Carrying Value	**Market Value**
U.S. Treasury Securities	$24,949,194	$24,954,500
U.S. Government Agency Securities	90,408,236	90,548,906
Commercial Paper / Corporate Debt	29,907,738	30,041,246
Bankers' Acceptances	2,572,783	2,573,440
Local Government Investment Pool	31,467,460	31,467,460
Pension Trust Investments (Library)	14,782,303	14,782,303
Cash Deposits & Certificates of Deposit	25,595,023	25,595,023
Total Cash and Investments	$219,682,737	$219,962,878

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
2002 estimated population	670,250	--	--	670,250	--	--
2002-03 Real Market Value (RMV)	$63,386,344,893	$94,571	--	$63,386,344,893	$94,571	--
Gross Direct Debt[2]	408,418,380	609	0.64%	224,400,220	335	0.35%
Net Direct Debt[3]	400,528,380	598	0.63	216,510,220	323	0.34
Net Overlapping Debt	972,876,954	1,452	1.53	972,876,954	1,452	1.53
Net Direct and Net Overlapping Debt	1,373,405,334	2,049	2.17	1,189,387,174	1,775	1.88

1. Outstanding debt information is as of April 2, 2003 except for the overlapping debt calculation. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of March 31, 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.

2002-03 RMV	$ 63,386,344,893
Debt limitation (2.00% of RMV)	1,267,726,898
Applicable bonded debt	91,610,000
Debt margin	1,176,116,898
Percent of limit issued	7.23%

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.

2002-03 RMV	$63,386,344,893
Debt limitation (1.00% of RMV)	633,863,449
Applicable limited tax debt, including this issue	279,193,380
Debt margin	354,670,069
Percent of limit issued	44.05%

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 $4,775,000 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 2003.

TABLE 13 -- Outstanding Obligations

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding As of 04/02/03[1]
GO Bonds				
1994A Library Bonds[2]	3/1/94	10/1/05	$22,000,000	$3,215,000
1994B Library Bonds[2]	10/1/94	10/1/04	9,000,000	795,000
1996A Library Bonds[3]	10/1/96	10/1/07	29,000,000	2,965,000
1996B Public Safety[3]	10/1/96	10/1/08	79,700,000	19,535,000
1999 Advance Refunding	2/1/99	10/1/16	66,115,000	65,100,000
Total GO			**$205,815,000**	**$91,610,000**
Certificates of Participation (subject to annual appropriation)				
1998 Facilities and Advance Refunding	2/1/98	8/1/17	$48,615,000	$29,725,000
Total COP			**$48,615,000**	**$29,725,000**
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	$32,480,000
1999 Limited Tax Pension Obligations (taxable)	12/1/99	6/1/30	184,548,160	184,018,160
2000A Full Faith and Credit Obligations	4/1/00	4/1/20	61,215,000	51,775,000
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**	**$277,888,160**
Leases and Contracts				
Portland Building - purchase two floors - Intergovernmental agreement	1/22/81	1/22/08	$3,475,000	$1,305,220
Total Leases			**$3,475,000**	**$1,305,220**
Total Net Direct Debt[5]			**$549,408,160**	**$400,528,380**
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	$2,665,000
Series 2000A (Port City Development Center)	11/1/00	11/1/15	2,000,000	1,900,000
Series 2000B (Oregon Food Bank)	11/1/00	11/1/15	3,500,000	3,325,000
Total Revenue Bonds			**$8,655,000**	**$7,890,000**
Total Gross Direct Debt[7]			**$558,063,160**	**$408,418,380**
Short Term Debt				
Tax and Revenue Anticipation Notes (this issue)	7/1/03	6/30/04	$40,000,000	$40,000,000

1. Payments due on April 1, 2003 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 -- Overlapping Debt (as of March 31, 2003)[1]

Overlapping District	Assessed Value	Percent Overlapping	Overlapping Gross Direct Debt[2]	Overlapping Net Direct Debt[3]
Clackamas Cty RFPD #1	$8,955,527,534	0.0448%	$4,451	$4,451
City of Lake Oswego	5,087,584,440	6.2069%	2,292,208	2,292,208
City of Milwaukie	1,537,155,085	0.4216%	13,997	13,997
Columbia Cty SD 1J (Scapoose)	1,138,978,339	23.6917%	721,412	721,412
Port of Portland	134,832,451,081	45.4002%	24,858,270	24,858,270
Metro	123,062,779,614	49.1799%	127,914,123	127,914,123
Sauvie Island RFPD 30	132,677,742	96.4555%	231,493	231,493
MC SD 1J (Portland)	43,028,146,967	99.3116%	155,824,866	155,824,866
MC SD 3 (Parkrose)	3,327,564,017	100.0000%	24,580,000	24,580,000
MC SD 7 (Reynolds)	4,575,318,808	100.0000%	68,540,000	68,540,000
MC SD 39 (Corbett – 1994 BD)	19,365,202	100.0000%	6,030,000	6,030,000
MC SD 40 (David Douglas)	2,907,701,306	100.0000%	54,435,000	54,435,000
MC SD 51J (Riverdale)	529,760,609	96.3430%	9,417,528	9,417,528
MC SD 10J (Orient 6 Bond)	453,892,659	58.4302%	819,862	819,862
Mt. Hood Community College	20,734,511,346	84.8795%	394,690	394,690
Portland Community College	96,386,984,086	45.2494%	87,629,160	87,629,160
City of Gresham	6,856,605,861	100.0000%	5,958,760	5,850,000
City of Portland	50,348,826,330	99.6000%	273,443,070	231,948,480
City of Troutdale	966,801,338	100.0000%	14,935,100	14,935,100
City of Wood Village	228,992,167	100.0000%	765,000	320,000
Tualatin Valley Fire & Rescue Dist	33,631,391,782	2.0213%	150,688	150,688
Washington Cty SD 48J (Beaverton)	19,351,642,354	0.4834%	1,322,727	1,322,727
Washington Cty SD 1J (Hillsboro)	11,422,873,103	0.0061%	9,552	9,552
Sunrise Water Authority	2,592,234,909	0.5017%	6,898	6,898
Tri-Metropolitan Transport Dist.	123,716,096,859	48.9296%	49,296,572	49,296,572
Clackamas Cty SD 7J (Lake Oswego)	5,593,098,427	0.3579%	341,920	341,920
MC SD 28J (Centennial)	2,003,975,387	93.1010%	33,835,271	33,835,271
MC SD 10J (Gresham-Barlow)	5,375,106,191	85.7978%	68,766,937	68,766,937
City of Fairview	419,243,097	100.0000%	5,075,000	2,385,000
Washington Cty SD 1J (North Plains BD)	319,135,305	0.2172%	749	749
Total			**$1,017,615,304**	**$972,876,954**

1. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of March 31, 2003.
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 15 -- Bond and Levy Election Record

Year	Purpose	Amount Requested	Votes Yes	Votes No	Margin	Percent Passed (Failed)	Voter 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 new limitations of Ballot Measure 50.

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

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

Specific provisions include:

Permanent Tax Rates

Each local taxing district which imposed operating ad valorem taxes in Fiscal Year 1997-98 received a permanent tax rate. The permanent tax rate was calculated by dividing the total operating ad valorem taxes imposed by the County in Fiscal Year 1997-98 (reduced by an average of approximately 17 percent statewide) by the Assessed Value of that property. Measure 50 prohibits increases in permanent tax rates. Permanent tax rates are subject to the Measure 5 limitations. The County's permanent tax rate is $4.3434 per $1,000 Assessed Value, which will produce $184 million in 2002-03. Measure 5 limitations reduced the amount received from the levy by $5.1 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 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 will be able to override Measure 50 for limited term local option levies with voter approval that meet the voter participation requirements discussed below. Local option levies may be up to five years for any purpose or ten years for capital projects.

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, which passed in 1997, 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 16 -- Tax Collection Record

Fiscal Year	Assessed Valuation ($000)[1]	Percent Change	Total Levy ($000)[2]	Percent Change	Tax Rate/ $1000[2]	Percent Collected Yr. of Levy	Percent Collected As of 3/31/03
1993-94	$27,500,141	N/A	$110,598	N/A	4.02	95.96%	99.97%
1994-95	30,711,496	11.68%	123,672	11.82%	4.03	96.37	99.99
1995-96	34,683,496	12.93	134,643	8.87	3.90	96.64	99.99
1996-97	38,460,938	10.89	162,985	21.05	4.24	96.75	99.99
1997-98	32,657,161	(15.09)	158,856	(2.53)	4.86	96.69	99.92
1998-99[3]	35,783,015	9.57	188,837	17.77	5.39	96.87	99.92
1999-00	37,600,873	5.08	193,076	3.20	5.25	96.56	99.51
2000-01	39,595,778	5.31	205,468	5.20	5.31	96.35	99.04
2001-02	41,739,141	5.41	212,329	4.44	5.21	96.46	97.92
2002-03[4,5]	42,349,119	1.46	210,277	(0.97)	5.17	N\A	88.48

1. The Assessed Value for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on the Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. The Real Market Value for 2002-03 is $63,386,344,893. Currently Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of Measure 50. See "Property Tax Limitation" herein.
2. The total levy and the tax rates include General Fund tax base, library and jail serial levies, and bond levies.
3. This is the first year of the Library Local option tax that added a tax rate of $0.59 to the total tax rate for the County. 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 data is through the March 31 collections. A trimester tax payment is due on May 15.
5. The fiscal year 2002-03 tax rate declined due to compression and General Obligation Debt service requirements declining by $5 million.

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

TABLE 17 -- Five-Year Historical Impact of the $10/$1,000 Tax Limitation on County Property Tax Revenues

Fiscal Year	Levy Used to Compute Rate[1]	Loss Due to Tax Limitation	Percent Loss
1997-98	$159,579,218	$1,495,520	0.94%
1998-99	176,675,058	4,488,767	2.55
1999-00	197,506,103	5,834,238	2.54
2000-01	210,054,539	6,951,230	3.31
2001-02	217,502,664	7,319,197	3.37
2002-03	219,122,810	10,189,783[2]	4.65

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.

Source: Multnomah County

TABLE 18 -- Principal Taxpayers in Multnomah County 2002-03

Taxpayer Account	Type of Business	2002-03 Taxes Imposed	2002-03 RMV	Percentage of Total RMV[1]
Qwest Corporation	Telephone/communications	$8,135,006	$475,715,336	0.75%
Portland General Electric Co.	Electric utility	5,185,807	308,772,200	0.49
Pacificorp (PP&L)	Electric utility	4,305,801	252,030,200	0.40
Wacker Siltronic Corp.	Silicon semiconductor materials	3,494,977	209,078,500	0.33
Boeing Co.	Aircraft parts	3,091,760	190,771,020	0.30
Microchip Technology Inc.[2]	Semiconductor manufacturing	2,978,438	176,896,280	0.28
Alaska Airlines Inc.	Airline	2,849,106	164,000,000	0.26
Fred Meyer Stores Inc.	Retail merchandising	2,742,166	204,374,710	0.32
Glimcher Lloyd Venture LLC	Property Management	2,702,090	203,685,130	0.32
Oregon Steel Mills Inc.	Steel plate and pipe products	2,548,291	153,305,710	0.24
Total		**$38,033,442**	**$2,338,629,086**	**3.69%**

1. The Real Market Value for 2002-03 is $63,386,344,893.
2. In August 23, 2002, Microchip Technology Inc. purchased a semiconductor manufacturing facility from Fujitsu Microelectronics Inc.

Source: Multnomah County Division of Assessment and Taxation

TABLE 19 -- Real Market Value of Taxable Property in Multnomah County ($000)

Fiscal Year	Real Market Valuation (RMV)	Percent Change	Assessed Valuation (AV)[1]	Percent Change	AV as Percent of RMV
1993-94	$27,500,141	7.73%	$27,500,141	7.73%	100.00%
1994-95	30,711,496	11.68	30,711,496	11.68	100.00
1995-96	34,683,496	12.93	34,683,496	12.93	100.00
1996-97	38,460,938	10.89	38,460,938	10.89	100.00
1997-98	42,267,791	9.90	32,657,161	(15.09)	77.26
1998-99	45,532,239	7.72	35,783,015	9.57	78.59
1999-00	52,327,850	14.92	37,600,873	5.08	71.86
2000-01	56,315,243	7.62	39,595,778	5.31	70.31
2001-02	61,221,313	8.71	41,739,141	5.41	68.18
2002-03	63,386,345	3.54	42,349,119	1.46[2]	66.81

1. The Assessed Value (AV) for 1997-98 and thereafter is not comparable to prior years because in previous years properties were assessed at Real Market Value. From 1997-98 on the Assessed Value is not the Real Market Value but a generally lower Assessed Value for tax purposes. Currently Assessed Value is limited to a 3% maximum annual increase plus new growth before tax rates are applied because of Measure 50. See "Property Tax Limitation" herein.
2. The 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.

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

TABLE 20 -- 2002-03 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	$5.6313	$1.1551	$6.7864
Multnomah Ed. Svc. District	0.4327	0.0000	0.4327
Portland Community College	0.2663	0.1993	0.4656
Total Schools	6.3303	1.3544	7.6847
Local Government			
Multnomah County	$4.6650	$0.2235	$4.8885
City of Portland	6.3909	0.1917	6.5826
Portland Urban Renewal	1.597	0.0000	1.5970
Metro	0.0919	0.1770	0.2689
Tri-Met Transportation District	0.0000	0.1174	0.1174
Port of Portland	0.0666	0.0000	0.0666
Total Local Government	12.8114	0.7096	13.5210
Total Consolidated Tax Rate	$19.1417	$2.0640	$21.2057

1. The 2002-03 Assessed Value to compute the tax rate of code area 1 is $23,756,938,248 which is 56.10 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 21 -- 2002-03 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	$2.3166	$6.8434
Multnomah Ed. Svc. District	0.4576	0.0000	0.4576
Mt. Hood Community College	0.4917	0.0247	0.5164
Total Schools	5.4761	2.3413	7.8174
Local Government			
Multnomah County	$4.9381	$0.2361	$5.1742
City of Gresham	3.6129	0.3084	3.9213
Metro	0.0966	0.1869	0.2835
Tri-Met Transportation District	0.0000	0.1239	0.1239
Port of Portland	0.0701	0.0000	0.0701
Total Local Government	8.7177	0.8553	9.5730
Total Consolidated Tax Rate	$14.1848	$3.1966	$17.3904

1. The 2002-03 Assessed Value to compute the tax rate of code area 26 is $2,534,824,710 which is 5.99 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 -- 2002-03 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	$2.0955	$6.7349
Multnomah Ed. Svc. District	0.4576	0.0000	0.4576
Mt. Hood Community College	0.4917	0.0247	0.5164
Total Schools	5.5887	2.1202	7.7089
Local Government			
Multnomah County	$4.9381	$0.2361	5.1742
Fire District No. 10	2.8527	0.0000	2.8527
Metro	0.0966	0.1869	0.2835
Tri-Met Transportation District	0.0000	0.1239	0.1239
Port of Portland	0.0701	0.0000	0.0701
Total Local Government	7.9575	0.5469	8.5044
Total Consolidated Tax Rate	$13.5462	$2.6671	$16.2133

1. The 2002-03 Assessed Value to compute the tax rate of code area 78 is $5,654,780 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 Chair will report back to the Board by September 1, 2003. The Board will consider the report and other information, and take the actions it deems appropriate.

PERSONAL INCOME TAX

On March 20, 2003 the Multnomah County Board of Commissioners passed Resolution 03-041 to refer a measure to the voters at the May 20, 2003 election to enact a three-year 1.25% income tax on Multnomah County residents for local public schools, public safety and human services. The Measure passed and will provide funds for county public schools, health and senior services, and public safety. It enacts a temporary, three year 1.25% personal income tax. It is estimated by the County that the tax will generate $128 million in revenues but the County cannot predict the accuracy of this estimate.

About 75% of revenues from this measure will provide funds to school districts within the County for the 2003-2004, 2004-2005 and 2005-2006 school years.

Independent performance audits will be conducted on funds generated by this measure.

About 25% of revenues from this measure will provide funds for County services including health care, mental health, senior services and public safety.

A taxpayer with Oregon taxable income (after deductions) of $30,000 would pay about $250 a year for three years as a result of this measure. This estimated payment takes into account changes in deductions on federal and state taxes.

ECONOMIC AND DEMOGRAPHIC INFORMATION

GENERAL INFORMATION

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

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

POPULATION

Multnomah County is the most populous county in the state, with a 2002 population of 670,250. Portland and Gresham are the largest incorporated cities in the County. Other cities include Fairview, Maywood Park, Troutdale, and Wood Village. Portland, the county seat of Multnomah County, is the largest city in Oregon.

TABLE 23 -- Population Estimates

As of July 1	State of Oregon	Portland Metropolitan Area[1]	Multnomah County	City of Portland	City of Gresham
1970	2,091,533	1,009,139	554,668	379,967	9,875
1980	2,633,156	1,108,700	562,300	370,000	33,230
1990	2,842,337	1,241,600	586,617	440,000	69,000
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	3,421,399	1,529,211	660,486	531,600	90,205
2001	3,471,700	1,553,700	666,350	536,240	91,420
2002	3,504,700	1,571,650	670,250	538,180	92,620

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

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

LAND USE PLANNING

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

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

As part of a comprehensive plan, an urban growth boundary 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.

EMPLOYMENT

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

TABLE 24 -- Portland-Vancouver PMSA Historical Non-Agricultural Employment

	1992		2002		
	Annual Average (000)	Percent of Total (000)	Annual Average (000)	Percent of Total (000)	Compound Annual Average Rate of Change
Nonfarm					
Wage & Salary Employment	741.1	100.0%	937.5	100.0%	2.38%
Manufacturing	121.1	16.3	123.4	13.2	0.19
Durable goods	82.8	11.2	92.6	9.9	1.12
Lumber & wood products	8.6	1.2	5.4	0.6	-4.55
Hi-tech Manufacturing	40.1	5.4	37.8	4.0	-0.59
Metal & Transportation Equip.	26.6	3.6	25.8	2.8	-0.30
Other durable goods	7.5	1.0	8.8	0.9	1.61
Nondurable goods	38.2	5.2	30.8	3.3	-2.13
Food products	9.8	1.3	8.5	0.9	-1.41
Paper goods	7.5	1.0	5.7	0.6	-2.71
Nonmanufacturing	620.0	83.7	809.0	86.3	2.70
Construction & mining	34.1	4.6	53.7	5.7	4.65
Trans., comm. & utilities	44.0	5.9	62.2	6.6	3.52
Trade	188.1	25.4	154.5	16.5	-1.95
Finance, insurance & real estate	55.9	7.5	65.3	6.9	1.57
Services	191.9	25.9	349.9	37.3	6.19
Government	106.0	14.3	128.5	13.7	1.94

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

Source: State of Oregon Employment Department

TABLE 25 -- Major Employers in the Portland Metropolitan Area

Employer	Product or Service	2002 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	14,826
Freightliner LLC	Heavy duty trucks	4,000
NIKE Inc.	Sports shoes and apparel	2,850 [1]
Tektronix Inc.	Electronic instruments	2,260
Precision Castparts Corporation	Steel casings	2,320
Hewlett Packard Co.	Computer printers	1,700
Wacker Siltronic Corporation	Silicon semiconductor materials	1,500
Georgia Pacific Corporation	Pulp & paper, packaging	1,400
Non-Manufacturing Employers		
Providence Health System	Health care & health insurance	11,200
Fred Meyer Stores	Grocery & retail variety chain	8,603 [5]
Legacy Health System	Nonprofit health care	7,714 [1]
Kaiser Foundation Health Plan of the NW	Health care	8,750
Safeway Inc.	Grocery chain	6,000 [1]
U.S. Bank	Bank & holding company	4,242 [1]
Meier & Frank Co.	Department stores	3,500 [1, 2]
United Parcel Service	Small package transport	3,100 [1]
Public Employers		
U.S. Government	Government	18,700
Oregon Health and Science University	Health care & education	11,472
City of Portland	Government	8,485
State of Oregon	Government	6,883 [3]
Portland School District	Education	5,600 [4]
Multnomah County	Government	4,659
Portland Community College	Education	4,123
Portland State University	Education	3,800

1. From Portland Development Commission, as of Q1, 2002.
2. The May Department Stores company, which owns Meier & Frank, says it will merge Meier & Frank into its Los Angeles-based Robinsons-May division and shift administrative jobs there in summer 2003. The company plans to close its Portland headquarters and reduce its administrative workforce by 520 jobs. The May Company has no plans to close the downtown Meier & Frank store where the administrative offices are housed.
3. Totals may include part-time, seasonal and temporary employees.
4. Totals include full-time and part-time, casual and student employees.
5. This is an update from Fred Meyer as of May 7, 2003.

Source: Portland Chamber of Commerce, Portland Development Commission and Regional Financial Advisors, Inc.

UNEMPLOYMENT

The Portland PMSA, like the state and the nation, experienced increases in the jobless rate in 2001 and 2002. The state of Oregon Employment Department reported an unemployment rate in the PMSA of 8.1% for the month of April 2003, which is the most current information available.

TABLE 26 -- Portland PMSA Average Annual Unemployment

	Unemployment %			Portland Vancouver PMSA Total
Year	USA	State of Oregon	Portland-Vancouver PMSA	Employment (000) [1]
1991	6.8%	6.0%	4.9%	812.4
1992	7.5	7.5	6.4	818.4
1993	6.9	7.3	6.0	852.8
1994	6.1	5.5	4.3	899.5
1995	5.6	4.8	3.7	921.0
1996	5.4	5.9	4.5	955.6
1997	4.9	5.8	4.3	980.8
1998	4.5	5.6	4.2	1,002.1
1999	4.2	5.7	4.5	1,001.4
2000	4.0	4.9	4.0	1,028.1
2001	4.8	6.3	5.9	1,008.6
2002	5.8	7.5	7.8	1,006.8

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

Source: State of Oregon Employment Department, U.S. Department of Labor

INCOME

The following table shows personal income for the Portland PMSA and per capita income for the Portland PMSA, compared to similar data for the State of Oregon and the United States. The compound annual rate of change in total personal income for the Portland PMSA (1990-2000) was 6.93 percent. The compound annual rate of change in per capita income for the Portland PMSA was 4.48 percent for 1990 to 2000, compared with 4.24 percent for the State of Oregon and 4.16 percent for the nation as a whole.

TABLE 27 -- Portland PMSA Income Estimates

	PMSA Total	Per Capita Income		
Year	Personal Income (millions)	Portland PMSA	State of Oregon	USA
1990	$31,139	$20,383	$18,242	$19,572
1991	32,843	20,836	18,744	20,023
1992	34,968	21,623	19,441	20,960
1993	37,466	22,557	20,232	21,539
1994	40,127	23,614	21,187	22,340
1995	43,490	24,991	22,362	23,255
1996	46,765	26,157	23,270	24,270
1997	50,433	27,555	24,385	25,412
1998	53,544[1]	28,700	25,446	26,893
1999	56,125[1]	29,594[1]	27,247	27,880
2000	61,257[1]	31,801[1]	27,836	29,760
2001[1]	62,925	31,971	28,222	30,413

1. 2001 PMSA data was released in May 2003. Some data from prior years was updated.

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

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 contains 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 *2002 Largest Employers of the Portland-Vancouver Metropolitan Area* published by the Portland Chamber of Commerce. Of those, about 2,400 are classified as headquarter firms. Five companies included on Fortune magazine's list of the 1,000 largest corporations in the United States have world headquarters in the Portland metropolitan area: Louisiana-Pacific Corporation, Precision Castparts, Tektronix Inc., and NIKE Inc.

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

In June 2002, the Hilton Hotel completed a $40 million expansion to add 327 rooms, meeting space, a fitness center and 684 parking spaces at a location adjacent to the current hotel. The site includes nine floors of above ground parking and two floors of retail space and a full-service restaurant. With the expansion complete, the Hilton now offers 782 rooms.

Tenth and Salmon Condominiums, LLC and BML Architects are preparing to break ground July 2003 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.

In the Pearl District, 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. Whole Foods opened its first natural and organic supermarket in Oregon in the Brewery Blocks in March 2002 with 175 employees. In fall 2002, the Art Institute of Portland moved into 70,000 square feet of Block 4. At the beginning of 2003, other tenants in the Brewery Blocks include Tyco Telecom, Sur la Table kitchenware retailer, Baja Fresh Mexican Grill, and Peet's Coffee.

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. This west tower is scheduled for completion in spring 2003, and the east tower is set for summer 2003. Combined, the towers will add 123 residential units and will house 250,000 square feet of retail space. The 124-unit, 13-story Park Place Condominiums began construction in September 2002, and is scheduled for December 2003 completion. The 139-unit Park XIII Apartments broke ground in November 2002 with target occupancy of January 2004.

The Marshall Street Lofts created 164 residential loft condominiums in a $34 million renovation; as of January 2003, over 85% of the units were sold.

In April 2002, outdoor equipment retailer REI announced that it will move its Jantzen Beach store to a 35,000 square-foot space of a $35 million planned Pearl District 124-unit loft and condominium development with a target completion of spring 2004.

The Yards at Union Station is a four-phase project eventually bringing approximately 650 new units of housing. Phase A of The Yards at Union Station (158 units of affordable housing owned by the Housing Authority of Portland) opened in 1998. Phases B1 and B2 of the Yards at Union Station opened in the spring of 2000. Phases B1 and B2 created approximately 500 new market rate and affordable housing units in three separate buildings. Phases B4 and B5 will create 50 additional units, and are scheduled for completion in 2004/2005.

In early 2002, Adidas America Inc. celebrated the opening of Adidas Village in the North Portland historic Overlook neighborhood. The site is home to the company's North American headquarters, which employs approximately 950. The athletic footwear company occupies the 215,000 square-foot building which has undergone a $25 million renovation.

Electro Scientific Industries relocated its electronic component systems product line from Escondido, California to its new 62,000 square-foot Portland headquarters in January 2003.

Freightliner announced in 2001 that it would retain its corporate headquarters in Portland. In October 2002, Freightliner's Western Star truck manufacturing operations moved to the City from British Columbia.

In August 2000, the Interstate Corridor Urban Renewal Area was created to provide local funding for the proposed light rail line along Interstate Avenue, and to serve broader revitalization efforts in the area. The Interstate light rail is a $350 million project to expand light rail service 5.8 miles into North Portland neighborhoods. Service is scheduled to begin in September 2004. A residential development along the new light rail line is Interstate Crossing, which opened in September 2002. The Interstate Crossing project cost approximately $1.8 million and included 12 housing units.

Lewis and Clark College's Northwestern School of Law completed construction on the $15 million expansion of the Paul L. Boley Law Library in January 2002. The remodeling gives the library a new technology-based infrastructure and 40,000 square feet of additional space.

In February 2001, the Portland Development Commission authorized a master predevelopment agreement to construct maximum high-density, market-rate condominiums and retail space. The three-block Museum Place South is being developed to include an expanded Safeway, an expanded YWCA, 128 loft-style units in a 6-story tower above the Safeway, and 12 2-story townhouses. The $113 million project will include 278,000 square feet. The $8 million YWCA renovation was completed in January 2003. Completion of the Museum Place South project is scheduled to occur in fourth quarter 2003. The former Safeway site across the street will house a 21-story condominium tower, expected to begin construction when the Museum Place South construction is complete.

In fall 2002, Oregon Health Sciences University ("OHSU") broke ground on a $321 million plan to construct two buildings on Marquam Hill. One building will be a 250,000-square-foot biomedical research building and the other will be a 300,000-square-foot patient care center with a 400-space parking facility. Construction is expected to continue until 2005. OHSU laid-off 160 people in February 2003. Effective March 1, state cuts of $20 million will go into effect at OHSU.

April 18, 2003 was the grand opening for the $98 million, 407,500-square-foot expansion of the Oregon Convention Center.

The Multnomah County Library is currently renovating branches throughout the County. The renovation plan is expected to cost approximately $24.1 million when completed, will build three new buildings, open two new branches and renovate ten existing branches.

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. The I-84 Corporate Center offers 83,000 square feet of leasable space; Spectro Subdivision includes 18.5 acres of land zoned General Industrial; San Rafael Center, zoned Business Park, includes over 14,000 square feet of space; the Cascade Business Park includes about 25 acres of heavy industrial and light industrial zoned land. The 181st Corporate Park includes over 465,000 square feet of mixed use space, which contains office and industrial spaces ranging from 30,000 to 109,000-square-foot buildings.

Southshore Corporate Park is a 230+-acre planned industrial business park development. The site is located four miles east of the Portland International Airport and can support up to four million square feet of light industrial, warehouse, manufacturing, and office space. Southshore Corporate Park is being developed by the Catellus Development Corporation. There are currently 1.3 million square feet built or under construction, and an additional 65 acres are available for development. The Park also completed several recent deals: the lease of 27,500 square feet for a regional Fujicolor photo processing lab; the purchase of 8.52 acres by Alexander's Moving and Storage, the purchase of 7.53 acres by Harry's Fresh Foods, which is constructing a new 80,000-square-foot factory, a new 80,000 square-foot distribution center for Frito Lay; and a 60,000-square-foot space to industrial glove manufacturer Kinco International. Plans for 2003 call for another 84,000-square-foot building for office or light industrial use, along with other build-to-suit projects for future park tenants.

Columbia Gorge Corporate Park consists of 40+ acres with 800,000 square feet of space for office, flex and industrial uses. American Honda Motor Company celebrated the opening of its new Northwest headquarters, a 213,000-square-foot office, October 17, 2001. The construction on Phase Two of the Corporate Park is underway and is scheduled for completion in early spring 2003. Phase two includes a new 40,000-square-foot building for Teeny Foods, the addition of two specialty buildings of approximately 50,000 square feet apiece, and additional tenants.

Cascade Station includes 120 acres of proposed development on Port property south of Airport Way between I-205 and Northeast 82nd Avenue. Development plans include hotels, office buildings, retail services, and a theater complex. Bechtel, in a joint venture with Trammell Crow Company, formed Cascade Station Development Company, LLC in 1997 to develop this commercial mixed-use site. Construction costs are estimated at $180 million. Infrastructure for the area was completed in 2001. Final build-out of retail and commercial properties has an estimated completion date of 2015. Two light rail stations service the development.

The Gresham Civic Neighborhood occupies portions of the largest undeveloped parcel on the rapid transit line (MAX). The Civic Neighborhood is planned at high densities of mixed residential, commercial and retail uses. Construction was completed on the first phase of the 83-acre Gresham project, which included a 297,190-square-foot retail development called Gresham Station. As of 2002, Gresham Station is 95 percent leased. Phase two of the Gresham Civic Neighborhood is currently under development. It is anticipated that in late 2003, approximately 100,000 square feet of additional retail space and 76,000 square feet of office space will be available. A residential complex consisting of 350 units of housing for senior citizens is also expected to open in late 2003. Also included is the Center of Advanced Learning, a school for 700 gifted high-school students offering advanced educational opportunities in the arts and sciences. Center Oak will participate in this phase. Construction is estimated to begin summer 2003, with an estimated completion date of winter 2004. By 2004, it is anticipated that another 150,000 square feet of retail space and 60,000 square feet of retail/service/restaurant space will be available. The remaining parcels will be used for a 4-acre for-sale residential development expected to be open by summer 2004, and for future development according to the Metro timeline.

The Oregon Housing and Community Services Department provided a $5.5 million loan to Chestnut Lane Limited Partnership for the construction of an assisted living facility in Gresham. The target opening date is August 2003.

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 is scheduled to move into the building in September 2003.

Fujitsu Microelectronics closed its Gresham production plant in January 2002, resulting in the termination of 670 employees. Chandler, Arizona-based Microchip Technology purchased the complex in August 2002 for $183.5 million. Microchip will hire 60 employees in the pre-production phase, and expects to commence volume production by October 2003. The company hopes to reach full capacity with over 350 employees in five to six years.

Delta Air Lines announced the elimination of 350 positions in Portland in October 2002. The job losses affected mostly flight attendants. Delta is also shutting down flight attendant bases in Seattle, Houston, Chicago, and New Orleans.

In January 2003, Oregon Steel temporarily shut down its Rivergate melt shop, temporarily laying off approximately 300 workers. Oregon Steel re-opened its steel-making operations on March 3, 2003, anticipating another closure in May 2003. Oregon Steel closed again on May 23, 2003, temporarily laying off approximately 350 employees.

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

According to the Portland Oregon Visitor's Association ("POVA"), an estimated 536,307 delegates visited Portland from January to September 2002, attending conventions, meetings and exhibits in the Oregon Convention Center. Lodging occupancy rates for downtown Portland averaged 59.0 percent from January to August 2002, down from 59.2 percent in 2000. 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.

AGRICULTURE

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

TABLE 28 -- Gross Farm Sales in Multnomah County ($000)

	Multnomah County			State of Oregon		
Year	**Crops**	**Livestock/ Products**	**Total**	**Crops**	**Livestock/ Products**	**Total**
1993	$53,406	$2,051	$55,457	$2,165,369	$790,436	$2,955,805
1994	52,638	1,914	54,552	2,240,561	757,278	2,997,839
1995	53,680	1,793	55,473	2,413,268	727,801	3,141,069
1996	46,254	1,624	47,878	2,446,922	650,397	3,097,319
1997	56,421	1,450	57,871	2,589,110	717,896	3,307,006
1998	55,488	2,349	57,837	2,369,586	762,436	3,132,022
1999	58,489	2,049	60,538	2,346,952	809,131	3,156,083
2000	61,095	2,279	63,374	2,383,136	864,825	3,247,961
2001	56,839	2,029	58,868	2,392,286	934,215	3,326,501
2002	61,647	2,020	63,667	2,378,007	886,479	3,264,486

Source: Extension Economic Information Office, Oregon State University

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"), one of the three large universities in the Oregon State System of Higher Education, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 100 undergraduate, masters, and doctoral degrees, as well as graduate certificates and continuing education programs. Fall 2002 enrollment was 21,841. PSU is noted for the development of programs specifically designed to meet the needs of the urban center. Oregon State University and the University of Oregon, also with 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; and 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. OHSU served 553,146 medical and dental patients over fiscal 2002. For the 2002-2003 academic year, there were 2,524 students in the four schools and 919 interns, residents, fellows, and clinical trainees. Competitive funding awards have nearly quadrupled during the last decade - from $57 million in 1992 to more than $221 million in 2002. More than 94 percent of OHSU's award dollars come from out-of-state sources. In fiscal 2002, that amount topped $208 million, $179 million of which came from federal agencies such as the National Institutes of Health and the National Science Foundation.

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.

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.

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 seven marine terminals, four airports, seven business parks and the Portland Shipyard. In tonnage of total waterborne commerce, the Port is currently ranked as the third largest volume port on the West Coast. Exports include wheat and barley, potash, beef pulp pellets, baled hay, forest products (logs, lumber, plywood and wood chips), paper and newsprint, scrap metal, soda ash and aluminum products. The Port of Portland is the second largest wheat export port in the United States and the third largest grain exporting center in the world. Imports include cement, ore (limestone, iron ore and alumina), iron and steel products, petroleum products, crude salt, autos and trucks. Total maritime tonnage declined in 2001 to 11 million short tons compared to 11.8 million in 2000. Portland is a port of call for 16 regularly scheduled major steamship lines serving major world trade routes.

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 bus service through the region. Tri-Met’s light rail system (“MAX”) began operation in the fall of 1986 with the opening of the 15-mile line between downtown Portland and the City of Gresham to the east. Ridership for fiscal 2002 was 88.6 million, a 4.3 percent increase over 2002. Construction of a 12-mile, $913 million 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, Airport MAX, to PDX, was completed in September 2001. A 5.8-mile Interstate MAX extension is now under construction. It will include 10 stations from the Expo Center through North Portland, to the Rose Quarter, and will operate through downtown Portland. The $350 million Interstate extension will open in September 2004.

HOUSING

According to the U.S. Census, there were 242,140 housing units in Multnomah County in 1990 and 288,561 units in 2000. In 1990, 55.3 percent of housing was owner occupied, and in 2000, that number had increased to 56.9 percent.

As of March 2002, the average residential sales price in the Portland metropolitan area was $203,100, according to the Portland Metropolitan Area Multiple Listing Service.

TABLE 29 -- Building Activity in the County

	Permits for Residential Units		Cost of Construction & Alteration	
Year	**Single Family**	**Multi-Family**	**Residential ($000)**	**Non-Residential ($000)**
1991	1,345	731	208,193	240,363
1992	1,478	821	210,327	266,282
1993	1,535	730	254,669	211,211
1994	1,607	884	235,703	414,597
1995	868	554	128,981	323,947
1996	1,849	3,062	348,513	N/A[1]
1997	1,669	2,662	350,666	N/A[1]
1998	1,679	2,325	353,060	N/A[1]
1999	1,583	2,058	315,125	N/A[1]
2000	1,420	1,171	266,445	N/A[1]
2001	1,688	1,208	352,975	N/A[1]
2002	1,718	1,564	389,127	N/A[1]

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

Source: 1991-1993 -- Oregon Housing and Community Services Department
1994-2002 -- Center for Population Research & Census, Portland State

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 30 -- 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

Sources: Elections Division, Oregon Secretary of State

FUTURE INITIATIVE MEASURES

The recent experience in Oregon is that many more initiative measures are proposed in some form than receive the number of signatures required to be placed on a ballot. Consequently, the County cannot accurately predict whether specific future initiative measures that may have an adverse effect on the County 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. Although the County receives a variety of revenues from the State, the State's revenue shortfall and the State's actions to address that shortfall have had an impact on the County and the County has reduced or eliminated services and rebalanced the fiscal year 2002-03 budget as a result of State cuts.

PERS LEGISLATION

Currently there are several PERS related bills proceeding through the 2003 legislature. These bills range from changing the governance of PERS to terminating the system and beginning a new system to making changes to the current system. See Financial Information, Pension Plan, PERS Legislation.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the execution and delivery of the Notes in order for interest on the Notes to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the issue date of the Notes. These requirements include limitations on the investment of Bond proceeds prior to expenditure and a requirement that excess arbitrage earned on the investment of Bond proceeds, under certain circumstances, be rebated on a periodic basis to the United States. The County has covenanted (the "Tax Covenant") in the Note documents that it will comply with these requirements.

In the opinion of Preston Gates & Ellis LLP, Note Counsel to the County, under existing law, and assuming compliance by the County with the Tax Covenant, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103(a) of the Code and is not a specific item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. In the opinion of Note Counsel, the interest on the Notes is also exempt from present State of Oregon personal income taxes.

Although Note Counsel has rendered an opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations, recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Prospective purchasers of the Notes should consult their tax advisors with respect to all such possible collateral consequences and as to the treatment of interest on the Notes under the tax laws of any state other than Oregon.

Note Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Notes may affect the tax status of the Notes. Note Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to ownership of the Notes.

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.

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. 03-060

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-060

Authorizing Issuance and Sale of Short-Term Promissory Notes, (Tax and Revenue Anticipation Notes), Series 2003 in the amount of $40,000,000

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 2003-04, 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 2003-04.

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 2003-04 fiscal year.

c. Prior to the sale and delivery of the Notes, provision therefore 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 $40,000,000 of its Tax and Revenue Anticipation Notes, Series 2003. 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 Director, Finance Division 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 2003-04.

2. **Title and Execution of Notes**. The Notes shall be entitled "Multnomah County, Oregon Tax and Revenue Anticipation Notes, Series 2003" 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. **Payment of Notes**. 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, 2004, 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, 2004, 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 2003-04 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, 2004.

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 1st day of May, 2003.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

____
Diane M. Linn, County Chair

REVIEWED:

AGNES SOWLE, ACTING COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________________
Agnes Sowle, Acting County Attorney

APPENDIX B
BOOK-ENTRY ONLY SYSTEM

DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

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

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

[Form of Note Counsel Legal Opinion]

_______, 2003

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

Re: $40,000,000 Multnomah County, Oregon
Tax and Revenue Anticipation Notes, Series 2003

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 2003, in the aggregate principal amount of Forty Million Dollars ($40,000,000) (the "Notes"), which are dated July 1, 2003. The Notes are issued pursuant to Resolution No. 03-060 adopted by the Board of County Commissioners of the County on May 1, 2003 (the "Note Resolution"). The Notes are being issued for the purpose of meeting current expenses of the County for the 2003-04 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.

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 special 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.

Note Counsel is of the opinion that the difference between the principal amount of the Notes maturing on June 30, 2004 (the "Premium Notes") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Notes was sold constitutes original issue premium. Such premium may not be deducted from Federal gross income by a holder of a Premium Note. The amount of such premium must be amortized actuarially on a constant interest rate basis over the term of such Premium Note, and the federal tax basis of such Premium Note will be decreased over its term by the amount of such amortized premium. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances an owner of Premium Notes may realize a taxable gain upon disposition of such Premium Notes even though they are sold or redeemed for an amount equal to such owner's original cost of acquiring such Premium Notes.

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 on 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.

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

Respectfully submitted,

PRESTON GATES & ELLIS LLP

Attorneys

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated July 1, 2003, is executed and delivered by MULTNOMAH COUNTY, OREGON (the "County") in connection with the issuance of Tax and Revenue Anticipation Notes, Series 2003 (the "Notes"). The Notes are being issued pursuant to Resolution No. 03-060 adopted by the Board of County Commissioners of the County on May 1, 2003 (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 SEC Rule 15c2-12 (17 CFR Pt. 240, § 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 SID, if any, 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 state information depository, if any, located in the State of Oregon (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 Resolution. 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 Resolution 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