Official Statement Dated June 16, 2005

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

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

MULTNOMAH COUNTY, OREGON

$20,000,000 Tax and Revenue Anticipation Notes, Series 2005

DATED: July 1, 2005 (Date of Delivery)	**DUE: June 30, 2006**

Interest Rate	Yield	CUSIP No.
4.000%	2.600%	625506 LL2

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 pledged to the punctual payment of principal of and interest on the Notes. A separate account (the "Account") is held by the County as a special segregated account for the payment of the principal of and interest on the Notes. The County has covenanted to deposit into the Account by December 30, 2005 sufficient amounts to pay principal and interest due on the Notes at maturity.

Use of Proceeds: The Notes are issued pursuant to Oregon Revised Statutes 288.165 and Resolution No. 05-080 adopted May 19, 2005 by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $20,000,000 to meet current expenses of the County, incurred or to be incurred, during the fiscal year 2005-2006.

Payment Provisions: Principal and interest on the Tax and Revenue Anticipation Notes, Series 2005 (the “Notes”) are payable at maturity on June 30, 2006 at the corporate trust office of The Bank of New York Trust Company, N.A., Los Angeles, California, 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 the Paying Agent.

Not Bank Qualified: The County has not designated the Notes as “qualified tax-exempt obligations” for the purpose of Section 265 (b)(3)(B) of Internal Revenue Code of 1986, as amended, (the "Code") (relating to the deductibility of interest by certain financial institutions).

Delivery: The Notes are offered for sale to the original purchaser, subject to a final approving opinion of Preston Gates & Ellis LLP, Portland, Oregon, Note Counsel. It is expected that the Notes will be available for delivery through the facilities of DTC in or through the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about July 1, 2005.

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

Banc of America Securities LLC

OFFICIAL STATEMENT

Of

MULTNOMAH COUNTY, OREGON

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

Relating to:

$20,000,000 Tax and Revenue Anticipation Notes, Series 2005

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

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

Note Counsel
Preston Gates & Ellis LLP
Portland, Oregon

Paying Agent
The Bank of New York Trust Company N.A., Los Angeles, California

Financial Advisor
Regional Financial Advisors, Inc.
Portland, Oregon

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

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

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OFFICIAL STATEMENT

MULTNOMAH COUNTY, OREGON

$20,000,000

TAX AND REVENUE ANTICIPATION NOTES, SERIES 2005

THE NOTES

AUTHORIZATION

The Notes are being issued pursuant to Oregon Revised Statutes Section 288.165 and Resolution No. 05-080, adopted May 19, 2005, by the Board of County Commissioners of Multnomah County, Oregon, which authorizes the County to borrow funds not to exceed $20,000,000 to meet current expenses for fiscal year 2005-2006 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 2005-06 fiscal year. The Notes represent approximately 10.5 percent of the County's budgeted 2005-06 General Fund property taxes.

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 pledged to the punctual payment of principal of and interest on the Notes. A separate account (the "Account") is held by the County as a special segregated account for the payment and redemption of the principal of and interest on the Notes. The County has covenanted to deposit by December 30, 2005 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	$20,000,000
Original issue premium	272,000
Total sources of funds	**$20,272,000**
Uses of Funds	
Costs of issuance	$33,520
Underwriter's discount	10,600
Proceeds after costs	20,227,880
Total uses of funds	**$20,272,000**

Source: Multnomah County

FORM AND TERMS

The Notes offered hereby will be dated the date of closing, July 1, 2005 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, 2006.

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, 2006.

Paying Agent: The Bank of New York Trust Company N.A., Los Angeles, California

Delivery: It is expected that the Depository Trust Company will credit accounts for beneficial owners on or about July 1, 2005.

ESTIMATED CASH FLOW 2005-06

The County is issuing $20,000,000 Tax and Revenue Anticipation Notes, Series 2005, 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 2005-06 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 most 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 2005-06 Budget assumes overall growth in Assessed Value of 3.20%, which is based on the allowed 3% increase plus a factor for new construction. The County expects additional new construction worth approximately $5.7 million to be added to the tax roll in addition to the general 3% increase.

The combination of Assessed Value and the permanent tax rate will produce approximately $190.2 million in property tax revenue for the operation of General Fund County programs in 2005-06.

The following table depicts the County's General Fund monthly cash flow projections for fiscal year 2005-06.

TABLE 1 -- Monthly Cash Flow Projections for Fiscal Year 2005-06[1] ($000)

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$31,948	$27,753	$7,755	($2,464)	($7,742)	$39,017	$76,859	$49,073	$28,174	$21,963	$52,685	$50,424	$31,948
Property Taxes[2]	0	0	0	1,522	84,215	77,887	3,367	1,486	7,175	2,184	1,517	10,812	190,165
Other Taxes	1,977	2,516	6,443	10,578	6,718	2,970	(2,047)	3,529	10,753	62,300	50,992	8,100	164,831
Intergovernmental	1,251	221	3	1,411	213	13	1,691	290	149	104	7,380	6,091	18,817
Interest[3]	208	(51)	(66)	(96)	674	202	(321)	84	465	(40)	218	193	1,470
Other Receipts	570	633	886	1,257	656	1,240	1,326	859	1,047	1,006	715	1,568	11,764
TRAN Proceeds	20,000	0	0	0	0	0	0	0	0	0	0	0	20,000
Cash Transfers	615	62	75	0	111	50	(57)	65	0	150	19	4	1,093
Service Reimbursements	182	201	205	241	308	213	209	280	4	217	1,631	4,725	8,418
Total Available Cash	$56,751	$31,337	$15,301	$12,449	$85,153	$121,591	$81,027	$55,666	$47,767	$87,884	$115,159	$81,917	$448,506
TRANS Repaid[4]	$0	$0	$0	$0	$0	$20,800	$0	$0	$0	$0		$0	$20,800
Payroll Costs	13,258	13,601	13,726	14,294	13,539	14,001	13,528	13,277	13,096	13,048	13,834	17,779	166,982
Material and Services	9,975	9,981	4,034	4,302	30,843	8,349	16,613	12,633	11,118	20,568	49,247	25,112	202,774
Capital Outlay	4	0	5	13	101	0	2	0	8	0	0	10	142
Cash Transfers	5,762	0	0	1,582	1,653	1,582	1,811	1,582	1,582	1,582	1,654	3,522	22,314
Total Disbursements	$28,998	$23,581	$17,765	$20,19	$46,136	$44,732	$31,955	$27,492	$25,804	$35,199	$64,735	$46,423	$413,012
Ending Cash[5,6]	$27,753	$7,755	($2,464)	($7,742)	$39,017	$76,859	$49,073	$28,174	$21,963	$52,685	$50,424	$35,494	$35,494

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. The 2002 Library Local Option levy is not included here.
3. Cash flow does not include separate General Reserve Fund of $11.9 million.
4. Cash deficits in September and October 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 2004-05.

TABLE 2 -- Monthly Cash for Fiscal Year 2004-05[1] ($000)

	July (Actual)	August (Actual)	September (Actual)	October (Actual)	November (Actual)	December (Actual)	January (Actual)	February (Actual)	March (Actual)	April (Actual)	May[2] (Estimated)	June[2] (Estimated)	Total
Beginning Cash	$25,892[3]	$22,653	$3,680	($11,097)	($18,380)	$37,076	$85,756	$73,067	$59,485	$57,470	$ 85,717	$46,297	$25,892
Property Taxes[4]	0	0	0	1,496	82,802	76,580	3,311	1,461	7,055	2,147	1,492	10,631	186,975
Other Taxes	1,962	2,497	6,394	10,497	6,667	12,871	11,862	9,456	15,633	61,824	10,908	13,000	163,571
Intergovernmental	470	83	1	530	80	5	635	109	56	39	2,772	2,288	7,068
Interest[5]	213	(52)	(68)	(98)	691	207	(329)	86	476	(41)	223	198	1,506
Other Receipts	1,294	1,437	2,009	2,852	1,488	2,812	3,008	1,948	2,375	2,283	1,623	3,557	26,686
TRAN Proceeds	20,000	0	0	0	0	0	0	0	0	0	0	0	20,000
+Cash Transfers + grants	794	80	97	0	143	64	(74)	84	0	193	25	5	1,411
Service Reimbursements	46	51	52	61	78	54	53	71	1	55	413	1,196	2,131
Total Available Cash	$50,671	$26,749	$12,165	$4,241	$73,569	$129,669	$104,222	$86,282	$85,081	$123,970	$103,173	$77,172	$435,240
TRANS Repaid[2]	$0	$0	$0	$0	$0	$20,600	$0	$0	$0	$0	$0	$0	$20,600
Payroll Costs	12,967	13,302	13,425	13,980	13,242	13,694	13,231	12,986	12,809	12,762	13,530	17,389	163,317
Material and Services	9,761	9,767	9,819	7,146	21,375	8,170	16,257	12,362	13,326	24,042	41,831	24,574	198,430
Capital Outlay	13	0	18	46	362	0	8	0	27	0	0	35	509
Cash Transfers[6,7,8]	5,277	0	0	1,449	1,514	1,449	1,659	1,449	1,449	1,449	1,515	3,226	20,436
Total Disbursements	$28,018	$23,069	$23,262	$22,621	$36,493	$43,913	$31,155	$26,797	$27,611	$ 38,253	$56,876	$ 45,224	$403,292
Ending Cash[9,10]	$22,653	$3,680	($11,097)	($18,380)	$37,076	$85,756	$73,067	$59,485	$57,470	$ 85,717	$46,297	$31,948	$31,948

Note: Columns may not foot due to rounding.

1. Includes General Fund receipts and disbursements only.
2. Estimated as of May 2005.
3. The 2002 Library Local Option levy is not included here.
4. Cash flow does not include $11.9 million held in a separate General Reserve Fund.
5. Cash deficits in September and October were covered by the Road Fund, Bridge Fund and Risk Management Fund 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 685,950 inhabitants as of July 2004. Portland, the county seat, was established in 1851 and is the state's largest city, with a July 2004 population of approximately 550,560. 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	12/31/08
District No. 2	Serena Cruz	Jan-99	12/31/06
District No. 3	Lisa Naito	Jun-98	12/31/08
District No. 4	Lonnie Roberts	Jan-01	12/31/08
Other Officers:			
County Auditor	Suzanne Flynn	Jan-99	12/31/06
County District Attorney	Michael Schrunk	Jan-83	12/31/08
County Sheriff	Bernie Giusto	Jan-03	12/31/06
Chief Financial Officer	David A. Boyer	Apr-82	Not Elected
Treasury Manager	Harry S. Morton	Mar-94	Not Elected
County Attorney	Agnes Sowle	Mar-03	Not Elected

Source: Multnomah County

Employees: At March 31,2005, the County had 4,635 employees not including temporary employees. There are nine bargaining units representing 3,972 employees as listed in the following schedule. In addition, there are 663 management and exempt employees.

TABLE 4 -- Multnomah County, Oregon – Bargaining Units

Bargaining Unit	Employees	Contract Expires[2]
General Employees (Local 88)	2,938	06/30/06
Electricians (Local 48)	23	06/30/07
Operating Engineers (Local 701)	13	06/30/07
Paint Makers (Local 1094)	3	06/30/07
Corrections (Teamsters 223)	468	06/30/10
Deputy Sheriffs Association	89	06/30/10
Oregon Nurses Association	292	06/30/07
Juvenile Group Workers (Local 86)	69	06/30/05[1]
Prosecuting Attorneys Association	77	06/30/05[1]
Total	**3,972**	

1. Contracts currently in negotiations.
2. Unless otherwise noted, all other contracts are open for salary negotiations only.

Source: Multnomah County

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 2003.

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 2003-04 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 2004 audit is available upon request to the County or can be found on the internet at http://www.co.multnomah.or.us/dbcs/finance/reports04/index.shtml.

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

	1999-00	2000-01[1]	2001-02	2002-03[2]	2003-04[3]
Revenues					
Taxes	$209,657	$206,580	$213,153	$213,681	$320,748
Licenses and permits	1,878	2,446	4,183	10,333	10,383
Intergovernmental	16,446	18,989	18,454	14,027	19,168
Charges for services	6,287	7,442	8,697	18,631	10,730
Interest	3,781	4,729	1,603	225	805
Other	26,106	21,234	23,490	7,322	13,248
Total revenues	264,155	261,420	269,580	264,219	375,082
Expenditures					
Current					
General government	19,519	20,064	34,714	45,453	119,341
Health and social services	13,911	13,445	17,835	72,454	88,707
Public safety and justice	93,085	103,309	107,136	136,750	135,984
Community services	13,461	14,477	--	--	--
Capital outlay	3,533	244	148	193	167
Debt service					
Interest	411	1,044	692	499	698
Total expenditures	143,920	152,583	160,525	255,349	344,897
Excess of revenues over (under) expenditures	120,235	108,837	109,055	8,870	30,185
Other financing sources (uses)					
Proceeds from sale of capital assets	--	--	--	--	1
Operating transfers in	1,518	999	975	6,518	1,625
Operating transfers (out)	(124,565)	(108,339)	(116,645)	(18,746)	(18,105)
Total other financing Sources (uses)	(123,047)	(107,340)	(115,670)	(12,228)	(16,479)
Excess of revenues and other sources over (under) expenditures and other uses (Net change)	(2,812)	1,497	(6,615)	(3,358)	13,706
Fund Balance Beginning July 1	17,074	14,262	15,759	9,144	5,786
Fund Balance Ending June 30	$14,262	$15,759	$9,144	$5,786	$19,492

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 for fiscal year 1999-00 and 2000-01. Beginning in fiscal year 2001-02 the Public Safety Fund was abolished and all expenditures are accounted for in the General Fund.

   The ending fund balance does not agree to the beginning fund balance on Table 2 due to accruals of revenues and expenditures.
2. License and permits increased primarily due to increased recording fees as a result of low interest rates which allowed many property owners to refinance their loans; Intergovernmental revenues declined due to reductions in State shared and reduction in rent from federal marshal revenues; beginning in fiscal year 2002-03 the County records its internal service revenues as charges for services instead of under the other category,; interest revenue is down due to very low interest rates and unrecognized losses on investments and low cash balances. Beginning in fiscal year 2002-03 the County began recording grant matching funds directly to the general fund programs that required matching funds. This resulted in an increase to program costs of about $94.8 million and decreased the cash transfers (other financing uses) by $97.9 million for a net difference of about $3 million.
3. The increase in taxes line item is due to the three year temporary personal income tax approved by the voters of Multnomah County effective from calendar year 2003 through calendar year 2005. The tax is a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. Included in "Taxes" revenue line item for fiscal year 2004 is $100,114 in personal income taxes, which represents the amount received from calendar year 2003 and part of 2004. The revenues generated from the tax will provide funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. In addition to the County's share of the income tax included in the Taxes revenue line item, the "General government" line item for fiscal year 2004 includes $113,677 for the income tax funding passed through to various school districts in the County.

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)

	1999-00	2000-01[1]	2001-02	2002-03[2]	2003-2004[3]
Assets					
Cash and Investments	$11,324	$17,954	$7,832	$14,190	$25,829
Receivables:					
Taxes	9,380	13,551	13,866	12,963	89,384
Accounts	6,751	6,353	4,693	5,935	10,882
Loans	--	--	--	--	--
Interest	2,153	2,858	2,015	793	547
Special Assessments	22	11	11	10	10
Contracts	6,486	5,962	2,304	2,151	1,997
Due from other funds	725	5,410	--	--	--
Inventories	955	816	715	864	962
Prepaids and deposits	14	53	183	97	42
Total assets	$37,810	$52,968	$31,619	$37,003	$129,653
Liabilities					
Liabilities:					
Payrolls payable	--	$1,908	$1,986	$2,777	$3,019
Accounts payable	$4,552	15,816	8,787	17,465	20,180
Deferred revenues	14,916	15,132	11,702	10,975	86,962
Compensated absences	4,080	4,342	--	--	--
Amounts held in trust	--	11	--	--	--
Total liabilities	23,548	37,209	22,475	31,217	110,161
Fund Balances					
Reserved for inventories	955	816	--	864	962
Reserved for prepaid items	14	53	--	97	42
Unreserved, reported in:					
General Fund	13,293	14,890	9,144	4,825	18,488
Total equity and other credits	14,262	15,759	9,144	5,786	19,492
Total liabilities and fund equity	$37,810	$52,968	$31,619	$37,003	$129,653

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 for fiscal years 1999-00 and 2000-01. Beginning in fiscal year 2001-02 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, 2004 was $11,168 (rounded to thousands).

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

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

3. The increase in taxes receivable and deferred revenue line items are directly related to the County's three-year temporary income tax measure from calendar year 2003 through calendar year 2005. The tax is a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. Taxes receivable and deferred revenue for the year-end June 30, 2004 includes $81,543 for calendar year 2003 for the personal income tax.

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

Source: Derived from audited annual financial statements

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

	1999-00	2000-01[1]
Revenues		
Intergovernmental revenue	$9,589	$10,535
Charges for services	23	25
Interest income	527	594
Other revenues	77	79
Total revenues	10,216	11,233
Expenditures		
Current		
Health and social services	5,262	4,002
Public safety and judicial	44,877	39,226
Capital outlay	156	104
Total expenditures	50,294	43,332
Excess of revenues over (under) expenditures	(40,078)	(32,099)
Other financing sources (uses)		
Operating transfers in	31,943	27,209
Excess of revenues and Other sources over (under) expenditures and other uses	(8,135)	(4,809)
Fund Balance Beginning July 1	15,385	7,251
Fund Balance Ending June 30	$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 2001-02 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 – Two-Year Public Safety Fund Consecutive Balance Sheets ($000)

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

Source: Derived from audited annual financial statements

GENERAL RESERVE FUND

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

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

Fiscal Year	General Reserve (GR) Fund	General Fund (GF) Ending Balance	GF Balance and GR Fund	General Fund Revenues	Total Balance as Percentage of GF Revenues
2002	$9,137	$9,144	$18,281	$269,580	6.8%
2003	9,609	5,786	15,395	264,219	5.8
2004	11,168	16,392	27,562	274,968	10.0
2005	11,890[1]	26,500	38,390	272,524	14.1

1. Estimates for fiscal year 2004-05.

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, 2004, the total accrued vacation liability in the General Fund and Other Funds was $17.2 million.

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 2004-05 Adopted Budget & 2005-06 Approved Budgets ($000) – (All Funds)

	Adopted 2004-05	**Approved 2005-06**
Resources		
Beginning working capital	$89,850	$141,022
Taxes	405,449	416,441
Intergovernmental sources	331,057	346,190
Licenses & permits	13,206	13,608
Service charges	13,802	36,180
Interest	2,765	3,093
Other sources	10,179	10,904
Service reimbursements	176,873	178,292
Cash transfers	30,622	29,297
Bonds/certificates	6,590	0
Total resources	$1,080,393	$1,175,029
Requirements		
County Human Services	$172,120	$187,645
School & Community Partnerships	31,828	31365
Health Department	107,174	116,738
Juvenile & Adult Corrections	74,664	77,497
District Attorney	21,681	23,033
Sheriff	96,168	100,771
Business & Community Services	274,233	296,840
Nondepartmental	159,585	164,928
Library	47,168	48,074
Cash transfers	31,392	29,808
Contingency	8,841	11,838
Ending balance	55,531	86,490
Total requirements	$1,080,393	$1,175,029

Note: Columns may not foot due to rounding.

Source: Multnomah County

INSURANCE

The County is exposed to various risks of loss related to: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established a Risk Management Fund (an internal service fund) to account for risk management activities, including payment of insurance policy premiums, payment of claims, loss control and prevention activities, including risk assessment, training and consultation to reduce the frequency and severity of loss, and to finance its uninsured risks of loss. The Risk Management Fund is governed by an ordinance adopted by the Board of County Commissioners. The ordinance requires that a financial status report be submitted to the Board of County Commissioners on an annual basis. Every two years an actuarial valuation is performed on the workers' compensation and liability programs to evaluate the County's Incurred But Not Reported ("IBNR") claims. The medical and dental IBNR claims are based on projected monthly claims costs, projected enrollment and the number of days it takes an average claim to clear the claims paying system. All IBNR claims are recorded as an expense in the year they are incurred and a corresponding liability is recorded in the Risk Management Fund. These liabilities are fully funded and totaled $10,590,000 for the Fiscal Year ended June 30, 2004.

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, 2004, the total liability was $11,000,000, of which 24% 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, 2004 was $218,812,173. All full-time County employees are eligible to participate in PERS. Benefits generally vest after five years of continuous service. Retirement is allowed at age 58 (Tier 1) or at age 60 (Tier 2) with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Tier 1 applies to employees hired or vested prior to January 1, 1996. Compulsory retirement age is 70. Tier 2 applies to employees hired after January 1, 1996. Retirement benefits, which are based on salary and length of service, are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes. The information for retirees, beneficiaries or terminated employees entitled to benefits but not yet receiving them is not present because PERS pools the risk related to such employees among all employers. PERS fully funds these obligations at the time of retirement or separation from service. Accordingly, the following information covers only current employees.

Funding Policy and Annual Pension Cost

The County is required by the rules applicable to PERS to contribute a percentage of covered employees' salaries to PERS. The contribution rate is determined based on actuarial valuations which are performed by PERS every two years. The contribution rate was 12.28% on July 1, 1999 and was reduced to 9.21% on January 1, 2000 and further reduced to 8.12% effective July 1, 2001. The County's contribution rate decreased to 7.14% effective July 1, 2003. The County picks up the required 6% employee contribution as required under labor agreements.

PERS policy provides for actuarially determined periodic contributions that are sufficient to pay benefits when due. Based on the assumptions of the December 31, 2003 actuarial valuation, the County's required contribution, including employees' contributions, was equal to the annual pension cost of $27,388,217.

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/96	$23,900,000	100%	0
6/30/97	23,902,000	100	0
6/30/98	26,689,000	100	0
6/30/99	29,411,000	100	0
6/30/00	32,339,000 [1]	100	0
6/30/01	31,607,000	100	0
6/30/02	30,343,684	100	0
6/30/03	31,419,000	100	0
6/30/04	27,388,217	100	0

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

Significant actuarial assumptions used in the most recent valuation (December 31, 2003) include (a) a rate of return on the investment of present and future assets of 8% per year, (b) projected salary increases of 4.0% per year attributable to general wage adjustments, (c) additional increases for promotion and longevity that may vary by age and service, (d) projected automatic cost-of-living benefit increases of 2% per year (the maximum allowable), and (e) demographic assumptions that have been chosen to reflect the emerging experience of the members of the system, and are the same as those used to compute the actuarially required contributions. In addition, major legislative reforms were made to the PERS system and these reforms are included in the actuarial assumptions that established the rate effective July 1, 2003. The entry age actuarial cost method and level percentage amortization method are used. A thirty-year amortization period is used. The actuarial value of assets is based on market value.

Schedule of Funding Progress ($000)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded (Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
12/31/93	$147,577	$249,433	$101,856	59%	$122,873	83%
12/31/95	201,614	330,154	128,540	61	142,614	90
12/31/97	291,095	449,588	158,493	65	155,915	102
12/31/99	923,745	859,337	(76,408)	109	191,152	(40)
12/31/01	Pooled	Pooled	(203,703)	Pooled	207,148	(98)
12/31/03	1,237,061	1,287,860	50,799	96	209,437	24

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

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

On April 24, 2002, the County received notice from PERS that employers could be receiving an increase of between 3.5% to 4.25% on the County's payroll contribution rate which is currently 7.94%. In February 2005 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.

Multnomah County's FY 2006 Budget includes a rate increase of about 4% of payroll and it is estimated that another 4% rate increase will be needed beginning in FY 2008. These increases are the result of the two provisions voided by the Court and may be offset if the market continues to rally..

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

- **HB 2001-A.** Tier 1 Member Regular (Fixed) Account Crediting. Prohibits Public Employees Retirement Board "PERB" from crediting Tier I member regular accounts with earnings in excess of the assumed rate until: 1) the deficit reserve account is no longer in a deficit position; 2) the deficit reserve account is fully funded with amounts determined by PERB to ensure a zero balance in the deficit account when all Tier I members retire; and 3) the deficit reserve account has been fully funded for the three immediately preceding calendar years. Applies to earnings crediting for calendar year 2003 and after. The Current assumed interest rate on the Fixed Account is 8%

- **HB 2003-B**. Tier 1 & 2 Reform. Provides a remedy for any erroneous benefit calculations that the PERB needs to correct as a result of the lawsuit. PERB is directed to recover the present value of the cost of any such benefits overpaid to retired members via administrative expense from future earnings of the Fund and/or by withholding future COLAs. Tier 1 members that retired with a money match benefit on or after April 1, 2000 and before April 1, 2004 will have their COLA frozen until the benefit amounts that were erroneously calculated by PERB is made whole. Tier I members retiring on or after April 1, 2004, will not have earnings credited to their regular account in calendar year 2003 and after, IF: 1) there is a Statewide PERS negative deficit account or 2) the credit would result in a Statewide PERS negative deficit account. The minimum Tier I member regular (fixed) account balance at retirement on or after April 1, 2004 will be no less than if this account had been credited with the assumed interest rate each year the fixed account existed. What this means is that the PERB will retroactively calculate, from the date of becoming a PERS member to the retirement date, what the fixed account balance would be if the fixed account had been credited with just the assumed interest rate during that time period. This amount will be compared to your actual account balance at retirement and your retirement benefit will be calculated based on the higher amount.

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

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

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

  Provides for exclusive expedited appeal to the Oregon Supreme Court.

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

  Provides for exclusive expedited appeal to the Oregon Supreme Court.

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

On March 8, 2005 the Oregon Supreme Court decision affirmed that the Legislature can make changes to PERS. In the decision the Court upheld most of the 2003 legislative reforms to PERS, including: The provision directing the six percent employee contribution into the Individual Account Program (IAP) rather than into a regular Tier One or Tier Two account or a variable account; and the use of updated actuarial equivalency factors. The Court voided the following two provisions: Crediting the assumed interest rate to member accounts over the tenure of the employee's career rather than annually; and temporary suspension of the COLA.

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, 2005 ($000)

	Carrying Value	**Market Value**
U.S. Government Agency Securities	$106,276,057	$105,933,692
U.S. Treasury Securities	14,969,367	14,829,000
Commercial Paper / Corporate Debt	54,705,843	54,612,370
Bankers' Acceptances	0	0
Local Government Investment Pool	47,130,818	47,130,818
Pension Trust Investments (Library)	13,959,347	13,959,347
Cash Deposits & Certificates of Deposit	17,224,218	17,224,218
Total Cash and Investments	$254,265,650	$253,689,445

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
2004 estimated population	685,950	--	--	685,950	--	--
2004-05 Real Market Value (RMV)	$70,457,624,749	$102,715	--	$70,457,624,749	$102,715	--
Gross Direct Debt[2]	375,104,641	547	0.53%	196,536,481	287	0.28%
Net Direct Debt[3]	368,169,641	537	0.52	189,601,481	276	0.27
Net Overlapping Debt	546,193,754	796	0.78	546,193,754	796	0.78
Net Direct and Net Overlapping Debt	914,363,395	1,333	1.30	735,795,235	1,073	1.04

1. Outstanding debt information is as of June 1, 2005 except for the overlapping debt calculation. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of April 18, 2005.
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.

2004-05 RMV	$70,457,624,749
Debt limitation (2.00% of RMV)	1,409,152,495
Applicable bonded debt	81,025,000
Debt margin	1,328,127,495
Percent of limit issued	5.75%

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.

2004-05 RMV	$70,457,624,749
Debt limitation (1.00% of RMV)	704,576,247
Applicable limited tax debt	266,909,641
Debt margin	437,666,606
Percent of limit issued	37.88%

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

TABLE 13 -- Outstanding Obligations

	Dated Date	Maturity Date	Amount Issued	Amount Outstanding As of 06/01/05[1]
GO Bonds				
1994A Library Bonds[2]	3/1/94	10/1/05	$22,000,000	$1,125,000
1996A Library Bonds[3]	10/1/96	10/1/07	29,000,000	1,865,000
1996B Public Safety[3]	10/1/96	10/1/08	79,700,000	13,655,000
1999 Advance Refunding	2/1/99	10/1/16	66,115,000	64,380,000
Total GO			**$196,815,000**	**$81,025,000**
Certificates of Participation (subject to annual appropriation)				
1998 Facilities and Advance Refunding[4]	2/1/98	8/1/12	$48,615,000	$20,235,000
Total COP			**$48,615,000**	**$20,235,000**
Full Faith & Credit Obligations (NOT subject to annual appropriation)				
1999A Multnomah Building and Facilities COP[5]	4/1/99	8/1/09	$36,125,000	$7,770,000
1999 Limited Tax Pension Obligations (taxable)	12/1/99	6/1/30	184,548,160	178,568,160
2000A Full Faith and Credit Obligations[6]	4/1/00	4/1/10	61,215,000	16,715,000
2003 Full Faith and Credit Refunding Obligations	5/15/03	7/1/13	9,615,000	8,775,000
2004 Full Faith and Credit Refunding Obligations	10/6/04	8/1/20	54,235,000	54,235,000
Total FF&C			**$345,738,160**	**$266,063,160**
Leases and Contracts				
Portland Building – purchase two floors - Intergovernmental agreement	1/22/81	1/22/08	$3,475,000	$846,481
Total Leases			**$3,475,000**	**$846,481**
TOTAL NET DIRECT DEBT[7]			**$594,643,160**	**$368,169,641**
Revenue Bonds (Self-Supporting – Not included in Total Net Direct Calculations)[8]				
Series 1998 (Regional Children's Campus)	10/1/98	10/1/14	$3,155,000	$2,305,000
Series 2000A (Port City Development Center)	11/1/00	11/1/15	2,000,000	1,685,000
Series 2000B (Oregon Food Bank)	11/1/00	11/1/15	3,500,000	2,945,000
Total Revenue Bonds			**$8,655,000**	**$6,935,000**
TOTAL GROSS DIRECT DEBT[9]			**$603,298,160**	**$375,104,641**
Short Term Debt				
Tax and Revenue Anticipation Notes (this issue)	7/1/05	6/30/06	$20,000,000	$20,000,000

1. Payments due on June 1, 2005 have been deducted from the amounts outstanding.
2. These bonds were refunded by the 1999 Advance Refunding. The refunded maturities were 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. A portion of these bonds were refunded by the 2004 Advance Refunding. The refunded maturities will be called on August 1, 2008.
5. 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. These bonds were refunded by the 2004 Advance Refunding. The refunded maturities will be called on August 1, 2009.
6. These bonds were refunded by the 2004 Advance Refunding. The refunded maturities will be called on April 1, 2010.
7. Net Direct Debt is Gross Direct Debt less obligations or leases paid from non-tax sources.
8. These "on behalf of" financings are paid from Motor Vehicle Rental Taxes and reimbursed from payments by the entities shown.
9. Gross Direct Debt includes all voter approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the County. Debt whose term is less than one year is not included.

Source: Multnomah County.

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

Fiscal Year Ended 30-June	Outstanding FF&C and COPs[2]			Outstanding General Obligation Bonds[3]			Total Debt Service Requirements
	Principal	Interest	Total Payments	Principal	Interest	Total Payments	
2006	$8,120,000	$12,016,912	$20,136,912	$5,685,000	$6,289,943	$11,974,943	$32,111,854
2007	14,215,000	11,767,529	25,982,529	5,960,000	5,741,085	11,701,085	36,956,009
2008	15,785,000	10,971,043	26,756,043	6,255,000	5,255,264	11,510,264	37,492,794
2009	15,890,000	10,081,245	25,971,245	6,555,000	3,717,186	10,272,186	37,028,228
2010	20,740,000	9,067,983	29,807,983	6,860,000	2,386,510	9,246,510	35,217,755
2011	19,925,000	7,843,809	27,768,809	7,160,000	2,092,873	9,252,873	39,060,855
2012	14,153,963	14,572,967	28,726,930	7,470,000	1,780,118	9,250,118	37,018,926
2013	11,536,921	15,179,979	26,716,900	7,490,000	1,450,988	8,940,988	37,667,918
2014	10,653,962	15,911,313	26,565,275	7,835,000	1,106,175	8,941,175	35,658,075
2015	11,444,944	14,368,594	25,813,538	6,780,000	773,100	7,553,100	34,118,375
2016	21,795,000	5,152,642	26,947,642	6,330,000	465,975	6,795,975	32,609,513
2017	24,525,000	3,656,669	28,181,669	6,645,000	157,819	6,802,819	33,750,461
2018	27,045,000	1,987,298	29,032,298	--	--	--	29,032,298
2019	10,404,168	19,990,245	30,394,413	--	--	--	30,394,413
2020	5,208,023	21,406,977	26,615,000	--	--	--	26,615,000
2021	5,098,311	23,011,689	28,110,000	--	--	--	28,110,000
2022	4,988,664	24,686,336	29,675,000	--	--	--	29,675,000
2023	4,881,062	26,443,939	31,325,001	--	--	--	31,325,001
2024	4,774,525	28,285,475	33,060,000	--	--	--	33,060,000
2025	4,669,706	30,215,294	34,885,000	--	--	--	34,885,000
2026	4,565,776	32,234,224	36,800,000	--	--	--	36,800,000
2027	4,463,150	34,346,850	38,810,000	--	--	--	38,810,000
2028	4,362,196	36,562,804	40,925,000	--	--	--	40,925,000
2029	4,262,789	38,887,212	43,150,001	--	--	--	43,150,001
2030	8,120,000	12,016,912	20,136,912	--	--	--	20,136,912
	$286,298,160	$461,113,949	$747,412,109	$81,025,000	$31,217,034	$112,242,034	$859,654,143

1. Reflects amounts outstanding as of June 1, 2005.
2. Includes outstanding Certificates of Participation and Full Faith & Credit Obligations, including the Series 1999 Pension Obligations.
3. Includes outstanding General Obligation Bonds.

Source: Multnomah County.

TABLE 15 -- Overlapping Debt (as of April 18, 2005)[1]

Overlapping District	Assessed Value	Percent Overlapping	Overlapping Gross Direct Debt[2]	Overlapping Net Direct Debt[3]
Clackamas County RFPD #1	$9,913,897,802	0.0473%	$4,068	$4,068
Clackamas County SD 7J (Lake Oswego)	6,195,171,845	0.3517%	326,307	326,307
City of Lake Oswego	5,643,234,826	6.0716%	2,077,702	2,077,702
City of Milwaukie	1,617,133,537	0.6903%	18,673	18,673
Columbia County SD 1J (Scapoose)	1,204,579,511	21.4699%	506,690	506,690
Metro	138,430,434,446	47.4959%	68,004,743	68,004,743
Tri-Metropolitan Transport Dist.	137,833,212,069	47.7103%	40,809,005	40,809,005
Sauvie Island RFPD 30	136,259,842	95.6404%	210,409	210,409
Multnomah County SD 1J (Portland)	47,910,040,136	99.2941%	34,430,229	34,430,229
Multnomah County SD 3 (Parkrose)	3,160,687,959	100.0000%	19,550,000	19,550,000
Multnomah County SD 7 (Reynolds)	4,948,824,896	100.0000%	64,071,000	64,071,000
Multnomah County SD 28J (Centennial)	2,185,105,483	92.9734%	31,149,972	31,149,972
Multnomah County SD 39 (Corbett – 1994 BD)	21,687,355	100.0000%	5,345,000	5,345,000
Multnomah County SD 40 (David Douglas)	3,227,235,697	100.0000%	50,695,000	50,695,000
Multnomah County SD 51J (Riverdale)	553,216,956	95.8147%	8,216,111	8,216,111
Multnomah County SD 10J (Gresham-Barlow)	5,153,833,667	83.6245%	89,699,820	62,601,301
Multnomah County SD 10J (Orient 6 Bond)	499,801,239	58.0563%	573,682	573,682
Portland Community College	110,076,796,529	44.0315%	77,241,453	77,241,453
City of Fairview	513,208,625	100.0000%	4,674,000	2,190,000
City of Gresham	6,684,417,407	100.0000%	3,942,906	3,705,000
City of Portland	55,454,729,045	99.5911%	93,620,614	58,116,386
City of Troutdale	1,053,405,383	100.0000%	13,180,000	13,180,000
City of Wood Village	263,115,729	100.0000%	580,000	255,000
Tualatin Valley Fire & Rescue Dist	37,920,886,071	1.8817%	100,106	100,106
Washington County SD 48J (Beaverton)	21,640,248,019	0.4499%	1,341,647	1,341,647
Washington County SD 1J (Hillsboro)	15,531,395,851	0.0028%	4,000	4,000
Washington County SD 1J (North Plains BD)	367,634,620	0.1174%	270	270
Sunrise Water Authority	13,388,077	100.0000%	1,470,000	1,470,000
Total			**$611,843,407**	**$546,193,754**

1. The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of April 18, 2005.
2. Gross Direct Debt includes all Unlimited General Obligation bonds and Limited Tax General Obligation bonds.
3. Net Direct Debt includes Gross Direct Debt less self-supporting General Obligation and Limited Tax debt.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

TABLE 16 -- Bond and Levy Election Record

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

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

Source: Multnomah County.

PROPERTY TAX AND VALUATION INFORMATION

GENERAL

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

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

PROPERTY TAX LIMITATION

History

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

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

Measure 50 includes a reduction of property taxes with a rollback of property values used to calculate taxes for purposes of Measure 50 and a limitation on future increases in those values. The limitation on future increases in value limits collections under Measure 50's permanent tax rate limits.

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

Specific provisions include:

Permanent Tax Rates

Each local taxing district which imposed operating ad valorem taxes in Fiscal Year 1997-98 received a permanent tax rate. The permanent tax rate was calculated by dividing the total operating ad valorem taxes imposed by the County in Fiscal Year 1997-98 (reduced by an average of approximately 17 percent statewide) by the Assessed Value of that property. Measure 50 prohibits increases in permanent tax rates. Permanent tax rates are subject to the Measure 5 limitations. The County's permanent tax rate is $4.3434 per $1,000 Assessed Value, which will produce $195.1 million in 2004-05. Measure 5 limitations reduced the amount received from the levy by $5.7 million.

Assessed Value Limitations

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

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

Exemptions

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

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

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

2. Certain local government pension levies.

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

Local Option Levies

Local governments can impose levies in addition to the permanent rate under Measure 50 for limited term local option levies with voter approval that meet the voter participation requirements discussed below. Local option levies may be up to five years for any purpose or ten years for capital projects.

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

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

Voter Participation

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

General Obligation Bonded Indebtedness

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

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

The Notes are not exempt general obligation bonds.

Collection

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

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

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

A Senior Citizen Property Tax Deferral Program allows homeowners to defer taxes until death or sale of the home. Qualifications include a minimum age of 62 and household income under $24,500 for claims filed between January 1 and December 31, 2000 and $27,500 for claims filed after January 1, 2001. Taxes are paid by the State, which obtains a lien on the property and accrues interest at 6 percent.

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

Fiscal Year	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)[1]	Percent Change	AV as Percent of RMV
2000-01	$56,261,764,506	N/A	$41,133,501,062	N/A	73.11%
2001-02	61,221,313,105	8.82%	43,542,595,946	5.86%	71.12
2002-03	63,386,344,893	3.54	44,338,862,566	1.83[2]	69.95
2003-04	66,510,264,001	4.93	45,542,697,593	2.72	68.47
2004-05	70,457,624,749	5.93	47,314,670,129	3.89	67.15

1. Total Assessed Value of the County includes urban renewal values and other offsets such as Non-Profit Housing Value. Table 18, which follows, reflects the Taxable Assessed Value (AV) which does not include urban renewal excess value as calculated by the Multnomah County tax assessors.
2. The Assessed Value (AV) for 2002-03 increased at a rate lower than prior years 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: Multnomah County Division of Assessment and Taxation

TABLE 18 -- Tax Collection Record

Fiscal Year	Taxable Assessed Value (000)[1]	Percent Change	Total Levy ($000)[2]	Percent Change	Tax Rate/ $1000[2]	Percent Collected Yr. of Levy	Percent Collected As of 3/31/05
2000-01	$39,595,577	N/A	$203,103	N/A	5.305	96.35%	99.92%
2001-02	41,739,141	5.4%	210,183	3.5%	5.211	96.46	99.61
2002-03[3]	42,349,119	1.5	208,933	(0.6)	5.174	96.57	99.27
2003-04	43,408,763	2.5	213,621	2.2	5.272	96.92	98.64
2004-05	44,911,222	3.5	223,481	4.6	5.276		91.98

1. Excludes Urban Renewal Excess value.
2. The total levy and the tax rates include General Fund tax base, library and jail serial levies, and bond levies.
3. 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

TABLE 19 -- Historical Impact of the $10/$1,000 Tax Limitation on County Property Tax Revenues

Fiscal Year	Levy Used to Compute Rate[1]	Loss Due to Tax Limitation	Percent Loss
2000-01	$210,054,539	$6,951,230	3.31%
2001-02	217,502,664	7,319,195	3.37
2002-03	219,122,810	10,189,782[2]	4.65
2003-04	229,061,629	15,440,754[2]	6.74
2004-05	237,276,603	13,795,414	5.81

1. Includes General Fund tax base, library and jail serial levies, and bond levies. This is the amount estimated to be raised before Measure 5 limit is applied.
2. In 2002-03 the loss due to the tax limitation increased significantly due to the Shilo Inn Urban Renewal lawsuit, an increase in the Library Local Option Levy and the addition of the Park's Levy and Children's Levy. In 2003-04 the loss due to the tax limitation increased significantly due to the increase in the Portland Fire and Police Retirement levy and the three local option levies from 2002-03.

Source: Multnomah County

TABLE 20 -- Principal Taxpayers in Multnomah County 2004-05

Taxpayer Account	Type of Business	2004-05 Taxes Imposed	Taxable Assessed Value	Percentage of County AV[1]
Qwest Corporation	Telephone/communications	$9,081,124	$551,810,192	1.23%
Portland General Electric Co.	Electric utility	5,707,552	350,966,590	0.78
Pacificorp (PP&L)	Electric utility	3,868,660	235,221,992	0.52
Wacker Siltronic Corp.	Silicon semiconductor materials	2,782,220	169,330,176	0.38
Boeing Co.	Aircraft design and production	2,602,702	163,456,514	0.36
Northwest Natural Gas Co.	Gas utility	2,620,444	146,202,100	0.33
LC Portland LLC[2]	Real Estate	2,907,392	134,660,374	0.30
United Airlines	Airline	2,083,757	123,406,804	0.27
LSI Logic Corp	Semiconductor Technologies	1,948,295	118,161,368	0.26
Alaska Airlines	Airline	1,975,589	117,000,000	0.26
Total		$35,577,735	$2,110,216,110	**4.70%**

1. The Taxable Assessed Value of the County for 2004-05 is $44,911,221,801.
2. Lloyd Center, Portland, LLC owns all of the properties associated with the Lloyd Center shopping cener including the free standing cinema to the south.

Source: Multnomah County Division of Assessment and Taxation

TABLE 21 -- 2004-05 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	$5.6268	$1.0747	$6.7015
Multnomah Ed. Svc. District	0.4299	0.0000	0.4299
Portland Community College	0.2644	0.2124	0.4768
Total Schools	$6.3211	$1.2871	$7.6082
Local Government			
Multnomah County	4.7893	0.1694	4.9587
City of Portland	7.2945	0.2019	7.4964
Portland Urban Renewal	1.7569	0.0000	1.7569
Metro	0.0912	0.1763	0.2675
Tri-Met Transportation District	0.0000	0.1042	0.1042
Port of Portland	0.0664	0.0000	0.0664
Total Local Government	$13.9983	$0.6518	$14.6501
Total Consolidated Tax Rate	$20.3194	$1.9389	$22.2583

1. The 2004-05Assessed Value to compute the tax rate of code area 1 is $25,184,383,046 which is 53.23 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 -- 2004-05 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	$2.2477	$6.7745
Multnomah Ed. Svc. District	0.4541	0.0000	0.4541
Mt. Hood Community College	0.4879	0.0064	0.4943
Total Schools	$5.4688	$2.2541	$7.7229
Local Government			
Multnomah County	$5.0586	$0.1787	$5.2373
City of Gresham	3.5847	0.3423	3.9270
Metro	0.0959	0.1858	0.2817
Tri-Met Transportation District	0.0000	0.1096	0.1096
Port of Portland	0.0696	0.0000	0.0696
Total Local Government	8.8083	0.8164	9.6252
Total Consolidated Tax Rate	$14.2771	$3.0705	$17.3481

1. The 2004-05 Assessed Value to compute the tax rate of code area 26 is $2,798,293,278 which is 5.91 percent of the Assessed Value of the County.
2. The Tax Rates for Operations are the combined Measure 50 permanent tax rates and local option levies which are then applied to the Assessed Value to obtain the amount of taxes to be collected. These are not the Measure 5 tax rates which determine if there is "compression" and which are calculated using Real Market Value; Measure 5 tax rates cannot exceed $5 for schools and $10 for local governments.

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

TABLE 23 -- 2004-05 Representative Consolidated Tax Rates for Levy Code Area 78[1]

Area	Tax Rate for Operations[2]	Tax Rate for Bonds	Tax Rate Total
Within unincorporated area			
Schools			
David Douglas SD	$4.6394	$1.9529	$6.59233
Multnomah Ed. Svc. District	0.4576	0.0000	0.4576
Mt. Hood Community College	0.4917	0.0064	0.4981
Total Schools	5.5887	1.9593	7.5480
Local Government			
Multnomah County	$5.0984	$0.1801	$5.2785
Fire District No. 10	2.8527	0.0000	2.8527
Metro	0.0966	0.1872	0.2838
Tri-Met Transportation District	0.0000	0.1104	0.1104
Port of Portland	0.0701	0.0000	0.0701
Total Local Government	8.1178	0.4777	8.5955
Total Consolidated Tax Rate	$13.7065	$2.4370	$16.1435

1. The 2004-05 Assessed Value to compute the tax rate of code area 78 is $6,697,200 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

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 $116 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, mostly in the Willamette Valley, between the Tualatin Mountains west of the Willamette River and the Cascade Mountains to the east. The elevation ranges from 77 feet above sea level in Portland to 322 feet in Gresham and 1,224 feet at Big Bend Mountain in the Cascade foothills.

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

LAND USE PLANNING

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

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

As part of a comprehensive plan, an urban growth boundary must be established. This boundary is designed to contain urban sprawl and should encompass adequate land in each zoning category to support predicted growth. In the Portland metropolitan area, Metro, the regional government, has responsibility for adoption, amendment and maintenance of a regional urban growth boundary. Local comprehensive plans must conform to the regional growth boundary.

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

The Metro charter adopted a more detailed plan, the 2040 Framework, in December 1997. The 2040 Framework specifies how the region and local communities are to implement the 2040 Growth Concept and to provide performance measurements for local governments to meet. The 2040 Framework complies with state and regional planning goals.

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

POPULATION

Multnomah County is the most populous county in the state, with a 2004 population of 685,950. Cities located in the County include Portland, Gresham, Fairview, Maywood Park, Troutdale, and Wood Village. Portland, the county seat of Multnomah County, is the largest city in Oregon. The population's compound annual rate of change for 1994-2004 for Multnomah County is 0.98 percent.

TABLE 24 -- Population Estimates

As of July 1	State of Oregon	Portland Metropolitan Area [2]	Multnomah County	City of Portland	City of Gresham
1994	3,119,940	1,678,000	622,130	495,090	74,625
1995	3,182,690	1,710,400	628,970	497,600	77,240
1996	3,245,100	1,746,800	638,780	503,000	79,350
1997	3,302,140	1,779,200	646,260	508,500	81,865
1998	3,350,080	1,815,300	651,520	509,610	83,595
1999	3,393,410	1,841,200	656,810	512,395	85,435
2000	3,436,750	1,935,960	662,400	531,600	90,835
2001[1]	3,471,700	1,960,500	666,350	536,240	91,420
2002[1]	3,504,700	1,989,550	670,250	538,180	92,620
2003	3,541,500	2,019,250	677,850	545,140	93,660
2004	3,582,600	2,050,650	685,950	550,560	94250
1994-2004 Compounded Annual Rate of Change	1.39%	2.03%	0.98%	1.07%	2.36%
1999-2004 Compounded Annual Rate of Change	1.09%	2.18%	0.87%	1.45%	1.98%

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

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

1. On July 10, 2003, the U.S. Census Bureau released updated population figures in counties and cities for 2001 and 2002 as shown below. Data in Table 24 above represents population figures as reported by the Center for Population Research. The data below is provided to show that during the year since the estimates were made by the Center of Population Research, the U.S. Census Bureau updated its findings.

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

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

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

EMPLOYMENT

Multnomah County is part of the Portland-Vancouver Primary Metropolitan Statistical Area ("PMSA"), which consists of Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark County in Washington. Starting in late 2004 this area has been revised, and is called Portland-Vancouver-Beaverton Primary Metropolitan Statistical Area, and adds Skamania County in Washington.

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

Year	Resident Civilian Labor Force	Unemployment Number	Unemployment Percent of Labor Force	Total Employment[2]
1994	940,196	41,266	4.4	898,930
1995	967,953	36,393	3.8	931,560
1996	1,006,664	42,950	4.3	963,714
1997	1,043,762	43,017	4.1	1,000,745
1998	1,064,295	44,477	4.2	1,019,818
1999	1,077,532	46,665	4.3	1,030,867
2000	1,087,045	44,710	4.1	1,042,335
2001	1,097,569	65,132	5.9	1,032,437
2002	1,105,881	87,975	8.0	1,017,906
2003	1,103,787	93,411	8.5	1,010,376
2004	1,100,693	79,583	7.2	1,021,110

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

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

TABLE 26 -- Major Employers in Portland-Vancouver MSA

Employer	Product or Service	2003-04 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	14,890
NIKE Inc.	Sports shoes and apparel	5,742
Freightliner LLC	Heavy duty trucks	2,878
Precision Castparts Corporation	Steel castings	2,110
Tektronix Inc.	Electronic instruments	2,000
Hewlett-Packard Co.	Computer printers	1,900
Wacker Siltronic Corporation	Silicon semiconductor materials	1,300
LSI Logic Corporation of Gresham	Computer Processor Chips	778
Non-Manufacturing Employers		
Providence Health System	Health care & health insurance	13,496
Fred Meyer Stores	Grocery & retail variety chain	10,500
Kaiser Foundation Health Plan of the NW	Healthcare	8,000
Legacy Health System	Nonprofit health care	7,972
Safeway Inc.	Grocery chain	6,000
Albertsons Food Centers	Retail grocery chain	5,600
U.S. Bank	Bank & holding company	4,138
Wells Fargo	Bank	3,813
Regal Cinemas	Movie theatre and concessions	3,100
Southwest Washington Medical Center	Health care	3,009
McDonald's Corporation	Fast food franchise	3,000
Public Employers		
U.S. Government	Government	15,585
Oregon Health and Science University	Health care & education	11,400
State of Oregon	Government	9,771 [1]
City of Portland	Government	7,845
Multnomah County	Government	4,635
Portland Community College	Education	4,123
Portland State University	Education	3,800

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

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

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

The Portland-Vancouver PMSA showed a decline in the manufacturing sector between 1994 and 2004, though computer and electronic manufacturing employment increased. In the non-manufacturing sector there have been increases in employment in all areas.

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

	1994		2004		
	Annual Average (000)	**Percent Of Total**	**Annual Average (000)**	**Percent of Total**	**Compound Annual Average Rate of change**
Nonfarm					
Wage & Salary Employment	**804.2**	100.00%	**946.1**	100.00%	1.64%
Manufacturing	**128.4**	15.97	**119.9**	12.67	(0.68)
Durable goods	89.6	11.14	89.9	9.50	0.03
Wood products	6.2	0.77	5.8	0.61	(0.66)
Metal manufacturing	18.5	2.30	17.6	1.86	(0.50)
Machinery manufacturing	9.6	1.19	8.5	0.90	(1.21)
Computer & electronic manufacturing	29.2	3.63	35.4	3.74	1.94
Nondurable goods	38.8	4.82	30.0	3.17	(2.54)
Nonmanufacturing	**675.8**	84.03	**826.1**	87.32	2.03
Construction & mining	42.4	5.27	55.1	5.82	2.65
Trade, transportation & utilities	169.8	21.11	193.5	20.45	1.32
Information	18.1	2.25	22.5	2.38	2.20
Financial activities	55.5	6.90	65.6	6.93	1.69
Services	294.4	36.61	358.5	37.89	1.99
Government	109.0	13.55	130.9	13.84	1.85

Note: Totals may not foot due to rounding.

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

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

UNEMPLOYMENT

As reflected in the table below, the Portland-Vancouver PMSA, like the State and the nation, experienced an increase in the jobless rate in 2002 and 2003. The State of Oregon Employment Department reported a Portland-Vancouver PMSA unemployment rate of 6.4% for the month of March 2005, the most current information available.

TABLE 28 -- Average Annual Unemployment

Year	Portland-Vancouver MSA[1]	State of Oregon	USA
1994	4.4%	5.5%	6.1%
1995	3.8	4.9	5.6
1996	4.3	5.6	5.4
1997	4.1	5.6	4.9
1998	4.2	5.7	4.5
1999	4.3	5.5	4.2
2000	4.1	5.2	4.0
2001	5.9	6.4	4.7
2002	8.0	7.6	5.8
2003	8.5	8.1	6.0
2004	7.2	7.4	5.5

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

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

DEVELOPMENT ACTIVITY

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

The Portland metropolitan area is home to more than 51,000 businesses, according to the *2003/04 Largest Employers of the Portland-Vancouver Metropolitan Area* published by the Portland Business Alliance. Of those, about 2,400 are classified as headquarter firms. Three companies included on *Fortune* magazine's 2003 list of the 1,000 largest corporations in the United States have world headquarters in the Portland metropolitan area: Hollywood Entertainment, Nike, Inc. and Precision Castparts. Louisiana-Pacific Corporation's corporate headquarters, which had been located in Portland moved to Nashville, Tennessee in 2004.

Current activities showing retail, commercial and industrial changes in the County are reflected below.

City of Portland Development

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

Kaiser Permanente began construction in the fall of 2004 on a new radiation treatment center in north Portland. The $27 million, 17,000-square-foot radiation center will include a 298 car garage. It is expected to open by the end of 2005.

In August 2003, the City Council approved the South Waterfront Central District Development Agreement, which anticipates public and private investment of $1.9 billion to convert vacant former industrial land on Portland's waterfront into a new neighborhood with a mix of jobs, housing, retail and recreational facilities. The Agreement represents a partnership between the City, Oregon Health & Science University ("OHSU"), North Macadam Investors, LLC, and other private developers. The 31-acre project will be undertaken in three phases; Phase I, which broke ground in October 2003, is to be completed by 2008. Phase I development includes approximately 1000 units of student, affordable and market rate condominiums and apartments; a 150-200 room hotel and conference facility; a 250-400,000 square foot OHSU research/clinical building; OHSU structured parking; and various public infrastructure improvements including a new aerial tram connecting OHSU's Marquam Hill campus to the South Waterfront, an extension of the Portland Streetcar, and new streets, parks, and greenway improvements. This development will create 5,000 jobs and more than 2,500 housing units. Federal funding in the amount of $5.8 million was received in October 2003, and will be appropriated as follows: $1.2 million for OHSU biomedical and biodefense research programs; $3 million for the OHSU research building and $1.6 million for affordable housing, local infrastructure and streetcar expansion.

In July 2003, the City approved a plan to extend the Portland Streetcar line 0.6 miles from PSU to RiverPlace. The $18.2 million project was completed on March 11, 2005. The city is now working to extend the Portland Streetcar line further south along SW Moody Ave. This $15.8 million project will add new cars worth a total of $8 million, and should be completed in the summer of 2006.

ThermoKing will move to a 4-acre parcel in the Townsend Business Park with its 25 employees and is expect to add six new positions in 2005.

Portland Development Commission (PDC) and Portland Office of Transportation (PDOT) partnered together to start a $5.35 million project on March 25, 2004. This development project in Old Town/ China Town, from NW 3rd and 4th Avenues between Burnside and Glisan Streets, will include new streets, concrete sidewalks with granite paver accents, new flowering Asian trees and installation of Streetlights. The development is expected to be finished in the fall of 2006.

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

Portland State University is building their new Northwest Center for Engineering, Science and Technology, a five-floor tower that will host almost 50 new teaching and research laboratories. This project has received $6 million from the Massiah Foundation, $5 million from the City of Portland/Portland Development Center, and $6 million more from private donors and other foundations.

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

In the Pearl District (located within the River District urban renewal area), Gerding/Edlen Development purchased the former Blitz Weinhard Brewery, a five-block complex, known as the "Brewery Blocks," adjoining Burnside Street for $20 million. The firm is redeveloping the property into a mixed-use retail, commercial and housing complex. The brewery property is near a building that was redeveloped for Wieden & Kennedy (a national advertising firm) in the Pearl District as its international headquarters. Gerding/Edlen Development headed up the $20 million renovation of the Historic Cold Storage Building for Wieden & Kennedy. Whole Foods opened its first natural and organic supermarket in Oregon in the Brewery Blocks in March 2002. The store has 175 employees. In fall 2002, the Art Institute of Portland moved into 70,000 square feet of Block 4. Tenants that moved into the Brewery Blocks in 2003 include Tyco Telecom, Sur la Table kitchenware retailer, Baja Fresh Mexican Grill, and Peet's Coffee. Block 3 was completed in June 2004, and Block 5 in May 2005.

Portland Center Stage is planning to convert the Armory building in a move from downtown Portland to the Pearl District. The $32.9 million theater project is scheduled for completion in fall 2005. Portland Center Stage has currently raise $15.2 million. The new performance hall will be the first ever historic rehabilitation to receive a LEED Platinum Rating(Leadership in Energy and Environmental Design).

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

Prendergast & Associates began construction in July 2003 on the Burlington Tower, a $35 million, 10-story building with 163 apartment units and an equal number of parking spaces below it. The Burlington Tower, located south of Lovejoy between Northwest Ninth and 10th Avenues, opened in May 2004.

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

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

REI has moved its Jantzen Beach store to a 35,000 square-foot space located in a planned $35 million 124-unit loft and condominium development in the Pearl District. The project, proposed by developer John Carroll, was completed in April 2004.

Central City Concern ("CCC") partnered with developer Downtown Community Housing, Inc. and the PDC to build a replacement for the Danmoore. Construction began in July 2003 with the demolition of the site's existing one story building. The building was completed in October 2004. The 12 story building is called the 8 NW 8th Building, and is on the northeast corner of West Burnside and 8th Avenue. The structure has commercial space on the first and second floors with its entrance on Burnside. The housing lobby on the first floor opens off of 8th Avenue at the North Park Blocks and a large community space, library, and offices on the second floor serve all of the building's residents.

Superintendent Vicki Phillips revealed a plan in February, 2005 to reshape Portland Public Schools; "proposing to close six schools, expand Jefferson High, convert two schools into magnet programs and change attendance boundaries at four schools." On April 25, 2005, the Portland School District voted to adopt a plan that would eliminate 250 jobs.

Knowledge Learning Corporation announced in January, 2005 its plans to move its headquarters from Golden, Colorado to Portland. Knowledge Learning Corp bought the Portland-based KinderCare Learning Centers on January 7, 2005 for $549.6 million. Knowledge Learning Corp's move to Portland will ensure the existing 325 KinderCare administrative positions to remain in Portland and will add 50 to 100 new positions.

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.

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

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

JetBlue Airways will begin offering service form Portland to New York on May 17, 2005.

Chandler, Arizona-based Microchip Technology purchased the vacant Fujitsu Microelectronics complex in Gresham in August 2002 for $183.5 million. Microchip began volume production in October 2003, with 122 employees. The company plans to reach full capacity with over 350 employees in five to six years. As of April 6, 2005 the Gresham site had 278 employees.

Knight Transportation purchased a 7-acre parcel of land in the Townsend Business Park in Fairview. Knight's 200 current employees will move to the new property and Knight expects to create 65 new jobs in the next five years.

Providence Portland Medical Center is planning a parking garage and a nine-story medical facility that will consolidate cancer services. The parking garage will be phase one of the development. Located at the hospital's campus at 4805 N.E. Glisan Street, it will cost $18 million, accommodate parking for 750 additional cars and will be completed in 2005. The second phase of the project, a 400,000 square-foot, nine-story building will cost $180 million and is likely to be completed in 2007. The facility will provide 124 additional beds and a comprehensive cancer center.

The Crossings at Gresham Station is expected to be finished in the summer of 2005. This five story building will house 81 new apartments and room for 10 new retailers, with two large anchor retailers. This $12.9 million project will benefit from tax abatements.

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

Aiyana Weidler began construction in October 2003 on a $36 million, mixed-use development called 1620 Broadway. The project features 225,000 square feet of living and shopping space, including 88 condominiums and three levels of underground parking. 70 of the 88 condominiums have already sold. On April 17, 2005 the Oregon Real Estate Agency approved the Condo Association Bylaws and surveys.

Vocational Village, an alternative high school program, plans to move from Northeast Tillamook Street to the old Meek Elementary School building at Northeast 40th Avenue and Alberta Court. The Portland School Board spent $1.7 million to modify Meek to accommodate Vocational Village's job training programs. The alternative school was able to move to Alberta Court in mid-2004.

The Rosewood Family Medical Clinic began construction in October 2003 on a $2.9 million project, located at 8935 S.E. Powell Boulevard. The clinic is owned and operated by Yakima Valley Farm Workers Clinic. The clinic opened in July 2004 with 18 exam rooms, a minor procedure room, a medical laboratory, and bringing 25 jobs to the Lents neighborhood.

Cascadia Behavioral Healthcare and Rose Community Development Corporation began construction in January 2004 on Midland Commons. The $5.3 million, 39,000 square-foot project consists of two adjacent apartment buildings, located at 2830 SE 127th Avenue. The complex will have mental health/addiction services available to the tenants. The apartment buildings were finished in November 2004.

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

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

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

Hillsdale Library opened its new building in March 2004, completing the County's multi-year $24.1 million library renovation project.

INCOME

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

The following table shows personal income and per capita income for the Portland-Vancouver-Beaverton PMSA compared to similar data for the state and nation. The compounded annual rate of change in total personal income for the Portland-Vancouver-Beaverton PMSA for 1993 to 2003 was 5.80 percent. The compounded annual rate of change in per capita income for the Portland-Vancouver-Beaverton PMSA was 3.69 percent for 1993 to 2003, compared with 3.57percent for the State, and 3.74 percent for the nation as a whole.

TABLE 29 -- Income Estimates

Year	Portland-Vancouver-Beaverton PMSA Total Personal Income (millions)[1]	Per Capita Income		
		Portland-Vancouver-Beaverton PMSA[1]	State of Oregon	USA
1993	37,352	22,371	20,046	21,346
1994	40,123	23,488	21,060	22,172
1995	43,598	24,924	22,293	23,076
1996	47,266	26,301	23,398	24,175
1997	50,912	27,672	24,469	25,334
1998	54,106	28,851	25,542	26,883
1999	56,918	29,858	26,480	27,939
2000	62,190	32,127	28,097	29,845
2001	63,892	32,326	28,502	30,575
2002	64,755	32,167	28,464	30,804
2003	65,628	32,152	28,734	31,472
1993-2003 Compound Annual Rate of Change	5.80%	3.69%	3.67%	3.96%

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

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

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

AGRICULTURE

Agriculture in Multnomah County is highly diversified, with nursery crops, greenhouse crops, specialty crops, and lettuce as the top commodities for 2004. Gross Farm Sales for the County in 2004 were $72,159,000.

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

	Multnomah County			State of Oregon		
Year	**Crops**	**Animal Products**	**Total**	**Crops**	**Animal Products**	**Total**
1994	$50,838	$2,120	$52,503	$2,239,748	$769,914	$3,009,662
1995	44,595	1,907	46,502	2,413,502	699,261	3,112,763
1996	45,360	1,809	47,469	2,470,173	697,168	3,167,341
1997	49,181	2,195	51,376	2,557,583	776,566	3,334,149
1998	51,297	2,060	53,357	2,375,452	763,992	3,139,444
1999	54,992	1,850	56,842	2,422,866	815,609	3,238,475
2000	55,955	2,070	58,025	2,490,399	869,616	3,360,016
2001	56,887	2,029	58,916	2,394,989	934,410	3,329,399
2002	61,541	2,020	63,561	2,384,262	886,472	3,270,734
2003	67,370	2,219	69,589	2,501,265	979,744	3,481,009
2004	69,695	2,464	72,159	2,718,215	1,081,179	3,799,394

Source: Extension Economic Information Office, Oregon State University

HOUSING

Based on the Market Action report, a publication of RMLS, the March 2005 year-to-date median sales price of a home in the North Portland area was $170,100; in the Northeast Portland area, $198,750; in Southeast Portland, $174,200; in West Portland, $319,900; and in Gresham/Troutdale areas, $204,750.

TABLE 31 -- Building Activity in the County

	Residential Construction		
Calendar Year	**Number of Single Family Permits**	**Number of Multi-Family Permits**	**Value of Residential Construction ($000)**
1994	1,607	884	$235,703
1995	868	554	128,981
1996	1,738	2,715	320,872
1997	1,669	2,662	350,666
1998	1,679	2,325	353,060
1999	1,583	2,058	315,125
2000	1,420	1,171	266,445
2001	1,688	1,208	352,975
2002	1,718	1,564	389,127
2003	1,582	3,289	514,172
2004	1,567	2,275	440,049

Source: Center for Population Research & Census, Portland State University, and U.S. Census Bureau

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 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 in 2003 was 11.9 million short tons. Portland is a port of call for 16 regularly scheduled major steamship lines serving major world trade routes.

The Portland International Airport ("PDX"), handled over 13 million passengers and a quarter million tons of air cargo in 2004. The Portland-Vancouver PMSA is served by 20 passenger carriers providing more than 500 scheduled domestic and international flights each day. In March 2003, Lufthansa Airlines began providing daily service from to Frankfurt, Germany. In June 2004, Northwest Airlines added non-stop service from PDX to Tokyo, Japan.

Rail

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

Highways and Trucking

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

Bus and Light Rail

The Tri-County Metropolitan Transportation District of Oregon ("Tri-Met"), the regional public transit agency, provides rail and bus service throughout Multnomah, Clackamas and Washington counties. In 2004, passengers boarded a bus or train approximately 91.1 million times.

Tri-Met's light rail system ("MAX") began operation in the fall of 1986 with the opening of the 15-mile line between downtown Portland and the City of Gresham to the east. The Westside extension of the light rail line into Washington County was completed in 1998, extending the line out to the cities of Beaverton and Hillsboro. Construction of the $125 million light rail link to PDX, Airport MAX, was completed in September 2001. In November 2000 Tri-Met began construction on a $350 million project to extend MAX from the Rose Quarter and Oregon Convention Center 5.8 miles into North Portland neighborhoods, medical facilities, and the Metropolitan Exposition Center; this extension called the Interstate MAX began serving residents in May, 2004. Tri-Met expects to begin construction on the $103.5 million Washington County Commuter Rail in 2006. This line will run from Beaverton to Wilsonville and is expected to begin service in 2008.

PUBLIC FACILITIES

Sewer

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

Water

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

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

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

Police

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

HIGHER EDUCATION

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

Portland State University ("PSU") is the largest of seven campuses in the Oregon State System of Higher Education. PSU is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 100 undergraduate, masters, and doctoral degrees, as well as graduate certificates and continuing education programs. Fall 2004 enrollment was 23,486. PSU is noted for the development of programs specifically designed to meet the needs of the urban center.

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

Oregon Health & Science University's ("OHSU") Marquam Hill Campus sits on more than 100 acres overlooking downtown Portland and occupies 31 major buildings on the hill. OHSU includes the schools of dentistry, medicine, nursing, and science and engineering. OHSU also includes Doernbecher Children's Hospital and OHSU Hospital, as well as primary care and specialty clinics, research institutes and centers, interdisciplinary centers, and community service programs. Each year, OHSU serves approximately 148,000 medical and dental patients and educates more than 3,700 students and trainees in health information technology, sciences, environmental engineering, computation and management. Competitive funding awards have nearly quadrupled during the last decade; OHSU receives nearly 257 million annually. OHSU is on of the County's largest employers with 2003-04 employment of 11,400.

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

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

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

According to the Portland Oregon Visitors Association ("POVA"). Room occupancy rates for, hotels, motels, and B&Bs in the Portland area, averaged 81.1 percent through July, 2004, up from 79.6 percent during July, 2003. 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. PGE Park is home to the Portland Beavers (Triple-A baseball), the Portland Timbers (A-League soccer), and the Portland State Vikings (Division I college football).

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

INFORMATION SOURCES

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

THE INITIATIVE PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative power to amend the State constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

PROPOSED INITIATIVE MEASURES WHICH QUALIFY TO BE PLACED ON THE BALLOT

To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a Governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. . For the 2004 general election, the requirement was eight percent (100,840 signatures) for a constitutional amendment measure and six percent (75,630 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

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

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

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

TABLE 32 -- Initiatives in Recent Oregon General Elections

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
1990	8	3
1992	7	0
1994	16	8
1996	16	4
1998	10	6
2000	18	5
2002	7	3
2004	6	3

Note: The Secretary of State posts a listing on its website: www.sos.or.us.

Sources: Elections Division, Oregon Secretary of State.

CURRENT INITIATIVES

At the November 2004 General Election, Oregon voters approved ballot Measure 37. The Measure will add several new statutory provisions to Oregon law. The measure entitles certain property owners either (a) to compensation for the reduction in the market value of their property as the result of certain land use regulations (the "Restrictions") that are enacted or enforced against the property; or (b) to have their land released from the Restrictions.

"Restrictions" do not include regulation of nuisances, public health and safety regulations, regulations required to comply with federal law, regulations restricting or prohibiting the use of a property for the purpose of selling pornography or performing nude dancing or regulations enacted prior to the date the current property owner or a member of that owner's family acquired the property. The Measure indicates that a government is not required to pay claims that arise under the Measure unless the government affirmatively acts to fund those claims. If claims are not paid within two years after they accrue, Measure 37 releases the property from the Restrictions, and it is not clear whether the government imposing the Restriction have any residual liability. Claims for Restrictions enacted prior to the effective date of the Measure must be filed within two years of the effective date of the Measure or the date the government(s) applies the Restriction to the property, whichever is later.

The measure does not change the Oregon Constitution, and the Oregon Legislative Assembly has the power to modify Measure 37. The Oregon Legislative Assembly convened its 73rd regular session on January 10, 2005.

The County has acted to enforce Restrictions; however, it is extremely difficult to predict the cost to the County because: (1) Measure 37 only applies to some property owners and to some land use regulations; (2) Measure 37 allows governments to release property from Restrictions instead of paying claims; (3) Measure 37 may not require governments to pay claims that governments choose not to fund; (4) the City can not predict how Measure 37 will be interpreted; and, (5) the Oregon Legislative Assembly may change the provisions of Measure 37 during its current session. Based on the County's best estimates at this time the value of the potential claims filed against the County amount to about $2 million. The County has granted one waiver which represented about $1.2 million.

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

RECENT STATE OF OREGON DEVELOPMENTS

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

TAX EXEMPTION

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

The Code sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes for interest on the Notes to remain excluded from gross income for federal income tax purposes. The County has covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the Notes to be included in gross income of the owners of the Notes for federal income tax purposes, retroactive to the date of issue of the Notes. Note Counsel's opinion assumes compliance with these covenants and Note Counsel has not undertaken to determine, or to inform any person, whether any actions taken or not taken, or events occurring or not occurring, after the date of issuance of the Notes may affect the tax status of interest on the Notes.

The County has **not** designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

In the opinion of Note Counsel, interest on the Notes is exempt from Oregon personal income tax under existing law.

OTHER FEDERAL TAX MATTERS

The following discussion was written to support the marketing of the Notes and is not intended or written to be used, and may not be used, for the purpose of avoiding any penalty in respect of federal income taxes that may be imposed by the Internal Revenue Service or any other applicable authority. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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

The initial public offering price for certain maturities of the Notes is greater than the amount payable Notes at maturity. Note counsel expresses no opinion with respect to the treatment of this excess. Investors should seek advice thereon from their own tax advisors.

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, fact, 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

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APPENDIX A

RESOLUTION NO. 05-080

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BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 05-080

Authorizing Issuance and Sale of Short-Term Promissory Notes, Tax and Revenue Anticipation Notes (TRANS), Series 2005 in the Amount of $20,000,000

The Multnomah County Board of Commissioners Finds:

a. Prior to the receipt of sufficient monies from tax collections and from other budgeted and unpledged revenues which the County estimates will be received from other sources during the fiscal year 2005-06, 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 2005-06.

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 2005-06 fiscal year.

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

The Multnomah County Board of Commissioners Resolves:

1. Issuance of Notes. The Board of County Commissioners of the County authorizes the issuance and competitive sale of not to exceed $20,000,000 of its Tax and Revenue Anticipation Notes, Series 2005. The Notes are issued pursuant to Oregon Revised Statutes Section 288.165. The Notes shall be issued in denominations of $5,000 each, or integral multiples thereof, as negotiable notes of the County and shall bear interest at a true effective rate not to exceed four percent (4.00%). The County authorizes the Chief Financial Officer or the Treasury Manager (each an "Authorized Representative") to determine the principal amount, interest rate, denominations and to determine the underwriter for the purchase of the Notes. 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 2005-06.

2. Title and Execution of Notes. The Notes shall be titled "Multnomah County, Oregon Tax and Revenue Anticipation Notes, Series 2005" and shall be executed on behalf of the County with the manual or facsimile signature of the Chair of the Board of County Commissioners and shall be attested by the Authorized Representative. The Notes may be initially issued in book-entry form as a single, typewritten note and issued in the registered

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

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

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

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

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

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

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

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

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

iii. the payment to any participant, correspondent or any other person other than the Registered Owner of the Notes as shown in the registration books maintained by the Paying Agent and Note Registrar, of any amount with respect to principal or interest on the Notes. Notwithstanding the book-entry system, the County may treat and consider the Registered Owner in whose name each Note is registered in the registration books maintained by the Paying Agent and Note Registrar as the Registered Owner and absolute owner of such Note for the purpose of payment of principal and interest with respect to such Note, or for the purpose of registering transfers with respect to such Note, or for all other purposes whatsoever. The County shall pay or cause to be paid all principal of and interest on the Notes only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Paying Agent and Note Registrar, or their representative attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid.

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

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

6. <u>Special Account</u>. 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 December 30, 2005, or such other date as approved by the Authorized Representative, into the Special Account until the Special Account holds an amount sufficient to pay principal of and interest on the Notes at maturity. Investment earnings, after full funding of principal and interest in the Special Account on or prior to December 30, 2005, may be transferred to the County's general fund. Monies in the Special Account shall not be invested in instruments which mature after the maturity date of the Notes. Monies in the Special Account shall be used solely to pay principal of and interest on the Notes. Additional Notes cannot be issued which will have any claim upon the monies in the Special Account. The Special Account must be fully funded prior to establishing and financing any other special account which is fundable from the 2005-06 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, 2006

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. Sale of Notes. The Notes shall be offered for sale at competitive bid, after publication of a Notice, or a summary thereof, as provided in ORS 288.885. The Notes shall be offered for sale upon the terms provided in the Notice, unless the Authorized Officer establishes different terms. The Authorized Officer may establish the final principal amount, the maturity date and other terms of the Notes and may sell the Notes to the bidder offering the most favorable terms to the County. The Authorized Officer shall report to the Board the terms on which the Notes are sold.

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 19th day of May, 2005.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

____
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________
Agnes Sowle, County Attorney

APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

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DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC--bracketed material may be applicable only to certain issues)

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

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

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the

Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

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APPENDIX C

FORM OF NOTE COUNSEL LEGAL OPINION

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July 1, 2005

Multnomah County, Oregon
Finance Division
501 S.E. Hawthorne Blvd., Suite 531
Portland, Oregon 97214

Re: $20,000,000 Multnomah County, Oregon
Tax and Revenue Anticipation Notes, Series 2005

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 2005, in the aggregate principal amount of Twenty Million Dollars ($20,000,000) (the "Notes"), which are dated July 1, 2005. The Notes are issued pursuant to Resolution No. 05-080 adopted by the Board of County Commissioners of the County on May 19, 2005 (the "Note Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Note Resolution.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Notes, and we express no opinion relating thereto.

On questions of fact material to our opinion, we have relied on the representations of the County contained in the Note Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have also relied on the covenants of the County to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the investment and use of proceeds of the Notes.

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, under existing law, as follows:

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

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

C. The interest on the Notes is excluded from gross income for federal income tax purposes under existing law.

D. The interest on the Notes is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals or corporations. Interest on a Note held by a corporation (other than an S Corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. The interest on the Notes held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

E. The interest on the Notes is exempt from Oregon personal income tax under existing law.

The County has not designated the Notes as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. We express no opinion as to such collateral federal income tax consequences.

Under the Code, the County is required to comply with certain requirements relating to the investment and use of the proceeds of the Notes, and the County has covenanted to comply with these requirements. Failure to comply with these requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Our opinion assumes compliance with such covenants, and we do not undertake to determine, or to inform any person, whether any actions taken or not taken, or events occurring or not occurring, after the date of issuance of the Notes may affect the tax status of interest on the Notes.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to ownership of the Notes.

These opinions are based on existing law and we assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

Our opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention or any change in law that may hereafter occur.

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

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated July 1, 2005, is executed and delivered by MULTNOMAH COUNTY, OREGON (the "County") in connection with the issuance of Tax and Revenue Anticipation Notes, Series 2005 (the "Notes"). The Notes are being issued pursuant to Resolution No. 05-080 adopted by the Board of County Commissioners of the County on May 19, 2005 (the "Resolution"). The County covenants as follows. Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution.

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the County for the benefit of registered and beneficial holders of the Notes and to assist the Underwriter(s) in complying with Securities and Exchange Commission (the "SEC") Rule 15c2-12 (17 C.F.R., § 240.15c2-12) (the "Rule"). Execution and delivery of this Certificate will qualify the Notes for a limited exemption from the Rule pursuant to paragraph (d)(3) of the Rule regarding municipal securities with a stated maturity of 18 months or less. In lieu of the County's limited undertaking pursuant to this Certificate, the County may undertake to provide annual financial information and notice of material events as described in paragraph (b)(5) of the Rule. Such undertaking, if any, shall be made by way of an amendment to this Certificate in accordance with Section 6 hereof.

Section 2. Material Events. The County agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the state information depository, if any, located in the State of Oregon (the "SID"), notice of the occurrence of any of the following events with respect to the Notes, if material:

a. principal and interest payment delinquencies;

b. non-payment related defaults;

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

d. unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

g. modifications to rights of holders of the Notes;

h. bond calls;

i. defeasances;

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

k. rating changes.

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

Section 3. Dissemination Agent. The County may, from time to time, engage or appoint an agent to assist the County in disseminating information hereunder (the "Dissemination Agent"). The County may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 4. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the County's obligations hereunder shall terminate if and when the County no longer remains an obligated person with respect to the Notes, which shall occur upon maturity of the Notes. In addition, and notwithstanding the provisions of Section 6 below, the County may rescind its obligations under this Certificate, in whole or in part, if (i) the County obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Notes, and (ii) the County notifies and provides to each NRMSIR or the MSRB and to the SID, a copy of such legal opinion.

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

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the County may amend this Certificate under the following conditions:

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

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

c. The amendment does not materially impair the interests of holders of the Notes, as determined either by parties unaffiliated with the County (such as Note Counsel), or by approving vote of holders of the Notes pursuant to the terms of the note documents at the time of the amendment.

Section 7. DisclosureUSA. Any filing required to be made with any NRMSIR or SID under this Certificate may be made by transmitting such filing solely to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 8. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

MULTNOMAH COUNTY, OREGON

By: ______________________________

Harry S. Morton, Treasury Manager

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