BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ACCEPTING A BID FOR THE PURCHASE OF GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987, AND DIRECTING DELIVERY AND SALE THEREOF	)))))	RESOLUTION NO. 87-783 Introduced by the Executive Officer

WHEREAS, on the 9th day of July, 1987, bids were considered during a special meeting for the purchase of $65,000,000 of General Obligation Convention Center Bonds, Series 1987 of the Metropolitan Service District, to be dated July 1, 1987, and the Council of the District having considered said bids; and

WHEREAS, several bids having been received and considered, copies of each of which are attached hereto, and the Council deems it desirable that the responsible bidder offering to purchase said bonds at the true interest cost to the District be accepted; now, therefore,

BE IT RESOLVED:

Section 1. The Council hereby finds and determines that the bid of Merrill Lynch Capital Markets is the best bid received for the purchase of its General Obligation Convention Center Bonds, Series 1987, being the one with the true interest cost of 7.377798% per annum. That bid is hereby accepted and the bonds shall be sold and delivered to the bidder above named pursuant to the notice of bond sale.

ADOPTED by the Council of the Metropolitan Service District this 9th day of July, 1987.

ATTEST:

A. Marie Nelson
Clerk

Richard Waker
~~(Deputy)~~ Presiding Officer

RDRdkt463

Merrill Lynch Capital Markets
Western Region Municipal Markets
400 South Hope Street
19th Floor
Post Office Box 711208
Los Angeles, California 90071-9737
213 683 4444

Merrill Lynch

July 9th, 1987

$65,000,000
METROPOLITAN SERVICE DISTRICT
WITHIN THE COUNTIES OF CLACKAMAS, MULTINOMAH AND WASHINGTON
STATE OF OREGON
GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987

The Metropolitan Service District
Within the Counties of Clackamas, Multinomah and Washington, Oregon
c/o The Offices of Lindsay, Hart, Neil & Weigler
Suite 1800
222 S.W. Columbia Street
Portland, Oregon 97201

Ladies and Gentlemen :

On behalf of MERRILL LYNCH CAPITAL MARKETS and pursuant to the Notice of Bond Sale, we offer to purchase the $65,000,000 par value of General Obligation Bonds, 1987 dated July 1, 1987 at a price equal to par plus a premium of 0 and accrued interest from the date of the bonds to date of delivery to us as described in your Notice of Bond Sale dated June 24th, 1987. This offer is being made for not less than all of said Bonds, which shall bear interest at the rates set forth in the following schedule :

DUE	AMOUNT	RATE	DUE	AMOUNT	RATE
12/1/88	$ 990,000	9.0	12/1/00	$2,195,000	7.06
12/1/89	$1,045,000	9.0	12/1/01	$2,370,000	7.10
12/1/90	$1,110,000	9.0	12/1/02	$2,560,000	7.20
12/1/91	$1,175,000	9.0	12/1/03	$2,770,000	7.30
12/1/92	$1,250,000	8.20	12/1/04	$2,995,000	7.40
12/1/93	$1,335,000	5.75	12/1/05	$3,240,000	7.40
12/1/94	$1,425,000	6.06	12/1/06	$3,510,000	7.50
12/1/95	$1,530,000	6.20	12/1/07	$3,805,000	7.50
12/1/96	$1,640,000	6.40	12/1/08	$4,120,000	7.50
12/1/97	$1,760,000	6.60	12/1/09	$4,465,000	7.60
12/1/98	$1,890,000	6.80	12/1/10	$4,840,000	7.60
12/1/99	$2,040,000	6.90	12/1/11	$5,250,000	7.65
			12/1/12	$5,690,000	7.65

This proposal is made for prompt acceptance and is made with the understanding that the unqualified opinion of Lindsay, Hart, Neil & Weigler, Lawyers of Portland, Oregon approving the legality of the Bonds in all respects will be delivered with the Bonds when paid in full.

In accordance with your Notice of Bond Sale and as evidence of our good faith, we hand you herewith a Cashier's check, drawn on a bank doing business in the State of Oregon in the amount of $500,000. The proceeds of such check are to be applied in partial payment of the Bonds if our proposal is accepted and the Bonds are awarded to us, or to be returned promptly to us in the event we are not awarded the bonds, or to be forfeited as full liquidated damages if we fail to fulfill the terms of this proposal.

We request that CUSIP numbers be printed on the bonds.

The following is for information only and not a part of this proposal.

Gross interest Cost	$82,625,713.96
Less a Premium	0
Net Interest Cost	82,625,713.96
True Interest Cost	7.3777%98%

Respectfully Submitted,
MERRILL LYNCH CAPITAL MARKETS

John A. Tresch
Vice President & Regional Manager
THE WESTERN REGION

Member of the New York Stock Exchange, Inc.

One New York Plaza
New York, N Y 10004 (212) 747-7000

Salomon Brothers Inc

July 9, 1987

Metropolitan Service District
Within The Counties of Clackamas,
Multnomah and Washington
c/o Lindsay, Hart, Neil & Weigler
222 S.W. Columbia Street, Suite 1800
Portland, Oregon 97201

Gentlemen,

In accordance with your Preliminary Official Statement dated July 1, 1987, which is hereby made part of this proposal for $65,000,000 Metropolitan Service District, With The Counties of Clackamas, Multonomah, and Washington, State of Oregon (General Obligation Convention Center Bonds, Series 1987), we will pay ______ Dollars ($65,020,380.15) for the bonds to be dated July 1, 1987 and to mature and bear interest at the rate or rates as follows:

AMOUNT (000)	MATURITY (12/1)	INTEREST RATE	AMOUNT (000)	MATURITY (12/1)	INTEREST RATE
$ 990	1988	9.00 %	$2,195	2000	7.00 %
1,045	1989	9.00 %	2,370	2001	7.10 %
1,110	1990	9.00 %	2,560	2002	~~7.20~~ 7.30 %
1,175	1991	9.00 %	2,770	2003	7.50 %
1,250	1992	7.00 %	2,995	2004	7.60 %
1,335	1993	9.00 %	3,240	2005	7.60 %
1,425	1994	8.50 %	3,510	2006	7.70 %
1,530	1995	6.20 %	3,805	2007	7.70 %
1,640	1996	6.40 %	4,120	2008	7.75 %
1,760	1997	6.60 %	4,465	2009	7.75 %
1,890	1998	6.80 %	4,840	2010	7.75 %
2,040	1999	6.90 %	5,250	2011	7.75 %
			5,690	2012	~~7.75~~ 7.00 %

Enclosed is a cashier's check in the amount of $500,000.00 payable to the order of the "Metropolitan Service District" as evidence of our good faith.

Good faith check
received 7/9/87
K. Johnson

Respectfully submitted,
SALOMON BROTHERS INC & ASSOCIATES
BY: SALOMON BROTHERS INC

James McCullough
James McCullough
Vice President
Municipal Bond Department

For information purpose only, we compute the true interest cost as follows:

Gross Interest cost $ ______
Less Premium ______
Plus Discount ______
Net Interest Cost ______ Expressed in Percentage ______ %

SHEARSON
LEHMAN
BROTHERS

An American Express company

BID FORM

Metropolitan Service District
Within the Counties of
Clackamas, Multnomah and Washington, Oregon

$65,000,000 General Obligation Convention
Center Bonds, Series 1987

July 9, 1987

Metropolitan Service District, Oregon
c/o Lindsay, Hart, Neil & Weigler
Suite 1800
222 SW Columbia Street
Portland, OR 97201

Dear Sir or Madam:

We have examined the official terms and conditions of Bond sale relating to the above captioned bonds (The"Bonds"). By our submission of this bid, we evidence our agreement to the terms and conditions of the sale of the bonds as provided in the above mentioned document.

Bonds bear interest at the following rates:

Maturity Date	Principle Amount	Interest Rate
12/1/88	$ 990,000	14.00 %
12/1/89	1,045,000	14.00 %
12/1/90	1,110,000	14.00 %
12/1/91	1,175,000	14.00 %
12/1/92	1,250,000	14.00 %
12/1/93	1,335,000	8.00 %
12/1/94	1,425,000	6.00 %
12/1/95	1,530,000	6.25 %
12/1/96	1,640,000	6.50 %
12/1/97	1,760,000	6.60 %
12/1/98	1,890,000	6.80 %
12/1/99	2,040,000	6.90 %
12/1/00	2,195,000	7.00 %
12/1/01	2,370,000	7.00 %
12/1/02	2,560,000	7.20 %
12/1/03	2,770,000	7.30 %
12/1/04	2,995,000	7.40 %
12/1/05	3,240,000	7.50 %
12/1/06	3,510,000	7.50 %
12/1/07	3,805,000	7.60 %
12/1/08	4,120,000	7.50 %
12/1/09	4,465,000	7.50 %
12/1/10	4,840,000	7.50 %
12/1/11	5,250,000	7.50 %
12/1/12	5,690,000	6.50 %

We will pay $65,000,000 plus a premium of $ 34,569.30 and accrued interest from the date of the bonds to the delivery date.

Cashiers check no. 12506 issued by FIRST INTERSTATE BANK OF OREGON bank and payable to the order of the "Metropolitan Service District, Oregon" in the amount of $500,000 (is attached) as a good faith deposit for disposition in accordance with the terms and conditions set forth in the official Notice of Sale.

The following is for informational purposes only and is not considered part of the bid.

True Interest Cost 7.3990224 %

Total Interest Cost $ 81,912,885.00

Respectfully submitted,

Shearson Lehman Bros, Inc

By Frank G. Scaraggi

Authorized Representative

THE FIRST BOSTON CORPORATION

MEMBER NEW YORK STOCK EXCHANGE, INC.

CABLE ADDRESS
FIRSTCORP, NEW YORK

PARK AVENUE PLAZA
NEW YORK, N.Y. 10055

PROPOSAL
FOR THE PURCHASE OF

$65,000,000
Metropolitan Service District,
Within the counties of Clackamas, Multnomah,
and Washington, Oregon

General Obligation Convention Center Bonds
Series 1987

In accordance with the provisions of the official Notice of Sale pertaining to this issue, we offer to pay the sum of sixty-five million, three thousand, ninety-eight and 80/100 Dollars ($65,003,098.80), together with accrued interest, if any, to the date of delivery.

MATURITY	INTEREST RATE	MATURITY	INTEREST RATE	MATURITY	INTEREST RATE	MATURITY	INTEREST RATE
1988	14.00	1995	6.25	2001	7.10	2007	7.60
1989	14.00	1996	6.40	2002	7.30	2008	7.60
1990	14.00	1997	6.60	2003	7.40	2009	7.70
1991	12.50	1998	6.80	2004	7.50	2010	7.70
1992	5.70	1999	6.90	2005	7.60	2011	7.70
1993	5.90						

OFFICIAL NOTICE OF BOND SALE

$65,000,000
METROPOLITAN SERVICE DISTRICT
WITHIN THE COUNTIES OF CLACKAMAS, MULTNOMAH AND WASHINGTON
STATE OF OREGON
GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the Metropolitan Service District, within the Counties of Clackamas, Multnomah and Washington, Oregon (the "District"), for the purchase of its General Obligation Convention Center Bonds, Series 1987 (the "Bonds") until 10:00 o'clock a.m. (Pacific Time) on Thursday, July 9, 1987, at the offices of Lindsay, Hart, Neil & Weigler, Suite 1800, 222 S.W. Columbia Street, Portland, Oregon 97201, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the Council of the District within four hours.

ISSUE: The issue shall be in the aggregate amount of SIXTY-FIVE MILLION DOLLARS ($65,000,000) consisting of registered Bonds in denominations of FIVE THOUSAND DOLLARS ($5,000) or integral multiples thereof, all dated July 1, 1987.

INTEREST RATE: The maximum interest rate shall not exceed a net effective rate of ten percent (10%) per annum. Interest is payable semiannually on December 1 and June 1 of each year until maturity or prior redemption, commencing June 1, 1988. Bidders must specify the interest rate or rates which the Bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of one-one hundredth (.01%) of one percent; (2) no Bond shall bear more than one rate of interest; (3) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) all Bonds maturing at any one time shall bear the same rate of interest; and (5) no rate of interest may exceed fourteen percent (14%).

MATURITIES: The Bonds shall mature serially on the first day of December of each year as follows:

Year	Amount	Year	Amount
1988	$ 990,000	2000	$2,195,000
1989	$1,045,000	2001	$2,370,000
1990	$1,110,000	2002	$2,560,000
1991	$1,175,000	2003	$2,770,000
1992	$1,250,000	2004	$2,995,000
1993	$1,335,000	2005	$3,240,000
1994	$1,425,000	2006	$3,510,000
1995	$1,530,000	2007	$3,805,000
1996	$1,640,000	2008	$4,120,000
1997	$1,760,000	2009	$4,465,000
1998	$1,890,000	2010	$4,840,000
1999	$2,040,000	2011	$5,250,000
		2012	$5,690,000

REGISTRATION: The Bonds will be issued in fully registered form, and may be exchanged at the expense of issuer for similar Bonds of different authorized denominations. Bonds may not be converted to bearer form.

OPTIONAL REDEMPTION: The District reserves the right to redeem all or any portion of the Bonds maturing after December 1, 1997, in inverse order of maturity and by lot within a maturity on December 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

Notice of any call or redemption, unless waived, shall be mailed not less than thirty and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by law and the authorizing resolution; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check through the principal corporate trust offices of the co-registrars and paying agents of the District, which are currently the offices of the fiscal agency of the State of Oregon in New York, New York and a bank to be designated by the Council having offices in Portland, Oregon.

PURPOSE: The Bonds are being issued to finance the acquisition and construction of a regional convention and trade show center. The Bonds were authorized at a general election held within the District on November 4, 1986.

SECURITY: The Bonds are general obligations of the District. The District has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

BOND INSURANCE: Application will be made for qualification of the Bonds for debt service insurance. If the Bonds qualify for municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the bidder. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of his contractual obligation arising from the acceptance of his proposal for the purchase of the Bonds.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers, of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the Bonds at the expense of the District.

TAX EXEMPT STATUS: Interest on the Bonds, in the opinion of bond counsel, is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certain minimum taxes) and from personal income taxation by the State of Oregon under present state law.

The District has covenanted to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"). Assuming compliance by the District with the applicable requirements of the Code, interest on the Bonds will continue to be exempt from gross income for federal income tax purposes (except for alternative minimum taxes on corporations) under present federal income tax laws and from personal income taxation by the State of Oregon under present state law. The Bonds are not "private activity bonds" under the Code.

BEST BID: The Bonds will be awarded to the responsible bidder whose proposal will result in the lowest true interest cost to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service to July 1, 1987 and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and true interest cost that the District will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery. The cost of printing the Bonds will be paid by the District.

DELIVERY: Delivery of the Bonds will be made within thirty days from the date bids are opened without cost to the successful bidder at such City as the successful bidder shall name. Payment for the Bonds must be made in immediately available funds.

FORM OF BID: All bids must be for not less than all the Bonds hereby offered for sale, and for not less than one hundred percent (100%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as

herein specified must be enclosed in a sealed envelope addressed to the District and designated "Proposal for Bonds."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon for Five Hundred Thousand Dollars ($500,000) payable to the order of the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the District as liquidated damages in case the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the Bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the District promptly.

REOFFERING PRICE: The successful bidder must certify the initial reoffering price for each maturity of the bonds to the District's financial advisor not less than three business days prior to closing. This certification shall constitute the agreement of the bidder to offer all bonds in each maturity for sale at a price no greater than the certified reoffering price until at least ten percent of the principal amount of each maturity is sold at a price less than or equal to the certified reoffering price. Failure to honor this agreement may result in cancellation of the sale and forfeiture of the bidder's good faith deposit.

RIGHT OF REJECTION: The District reserves the right to reject any or all bids, and to waive any irregularities.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the Bonds, a copy of which will be furnished upon request to its financial consultant, Government Finance Associates, Inc., 1300 S.W. 5th Avenue, Suite 2929, Portland, Oregon 97201, telephone: (503) 222-1405.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the District's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said Bonds, the District will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

FURTHER INFORMATION: Additional information regarding the District and this sale may be obtained from Tuck Wilson, Project Manager, Metropolitan Service District, 2000 S.W. First Avenue, Portland, Oregon 97201, telephone (503) 221-1646.

A. Marie Nelson, Clerk
Metropolitan Service District
Within the Counties of Clackamas,
Multnomah and Washington, Oregon

METROPOLITAN SERVICE DISTRICT

INTRODUCTION

The Metropolitan Service District (Metro) is a directly elected regional government serving the Portland metropolitan area. Metro was created by the Oregon Legislature and approved by the voters in 1978. Two regional organizations, Metropolitan Service District and the Columbia Region Association of Governments (CRAG), were merged to form Metro. Metro began functioning January 1, 1979.

Metro serves the urbanized areas of Clackamas, Multnomah and Washington counties. Nearly one million people from 24 cities and unincorporated areas throughout the three counties reside within its boundary.

Metro is governed by Oregon Revised Statutes, chapter 268, which sets forth the services Metro is authorized to provide and its powers. Metro is currently responsible for operating the Washington Park Zoo, managing solid waste disposal, providing transportation planning, administering the Urban Growth Boundary, and providing local governments with technical and data services. Following a one-and-a-half year effort involving several government jurisdictions and business and community leaders, Metro was selected as the governing body for future convention, trade and spectator facilities in the region.

Although not provided at this time, ORS chapter 268 also authorizes Metro to provide regional aspects of sewerage, public transportation, water supply, human services, parks and recreation, cultural facilities, libraries, correctional facilities and correctional programs.

Metro's major sources of funding are enterprise revenues (solid waste fees, zoo admission fees and concession revenue), a property tax levy for the zoo, federal grants and loans, and a dues assessment on local governments in the Metro region.

BID FORM

$65,000,000.00
Metropolitan Service District
The Counties of Clackamas,
Multnomah, and Washington, Oregon
General Obligation Convention Center Bonds, Series 1987

Prudential Bache

Sale Date: July 9, 1987 @ 10:00 AM PDT

Gentlemen:

For $65,000,000.00 Principal amount of General Obligation Bonds, as described in the Official Statement and Notice of Sale, which are incorporated herein and made a part of this proposal, we will pay the sum of $~~65,004,284.60~~ 65,003,296.15, and interest to the date of delivery.

1988	$ 990,000	13.~~[illegible]~~ .40 %	2000	$2,195,000	7.00 %
1989	1,045,000	13.~~[illegible]~~ %40	2001	2,370,000	7.~~[illegible]~~ %10
1990	1,110,000	13.~~[illegible]~~ %40	2002	2,560,000	7.25 %
1991	1,175,000	13.~~[illegible]~~ %40	2003	2,770,000	7.30 %
1992	1,250,000	13.~~[illegible]~~ %40	2004	2,995,000	7.40 %
1993	1,335,000	5.80 %	2005	3,240,000	7.40 %
1994	1,425,000	6.00 %	2006	3,510,000	7.50 %
1995	1,530,000	6.20 %	2007	3,805,000	7.50 %
1996	1,640,000	6.40 %	2008	4,120,000	7.50 %
1997	1,760,000	6.60 %	2009	4,465,000	7.50 %
1998	1,890,000	6.75 %	2010	4,840,000	7.50 %
1999	2,040,000	6.90 %	2011	5,250,000	7.50 %
			2012	5,690,000	7.50 %

A certified or cashier's check in the amount of $500,000.00 payable to the District is enclosed.

Total Interest Payable from Dated to Maturity:	$ 82,940,047.08
Less Premium:	$ 4,284.60
Plus Discount:	$ —
Net Interest Cost:	$ 82,935,762.48

NIC 7.45102 %

TIC 7.46149 %

Respectfully submitted,

Alan W. Murphy

Alan W. Murphy, First Vice President

Good faith check returned and receipt thereof acknowledged.

[signature]

Kidder, Peabody & Co.
INCORPORATED
Founded 1865
NEW YORK · BOSTON · PHILADELPHIA
CHICAGO · SAN FRANCISCO · LOS ANGELES
ATLANTA · DALLAS · KANSAS CITY, MO.

3200 FIRST INTERSTATE TOWER
1300 S. W. FIFTH AVENUE
PORTLAND, OREGON 97201
TELEPHONE (503) 225-9210

July 9, 1987

Metropolitan Service District, Oregon
Lindsay, Hart, Neil & Weigler
Suite 1800
222 S.W. Columbia
Portland, Oregon 97201

Gentlemen:

For all or none of the Metropolitan Service District, Oregon General Obligation Convention Center Bonds, in the amount of Sixty Five Million Dollars ($65,000,000) par value to be dated July 1, 1987 as described in your official notice of sale, which is hereby made a part of this bid, the undersigned will pay 100.0601 for each $100 par value thereof, which is a total of $ 65,039,041.05, plus accrued interest from the date of bonds to date of delivery to us for bonds maturing in your notice of sale and bearing interest as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
12/01/88	$ 990,000	14.00	12/01/00	$ 2,195,000	7.10
12/01/89	1,045,000	14.00	12/01/01	2,370,000	7.20
12/01/90	1,110,000	9.50	12/01/02	2,560,000	7.30
12/01/91	1,175,000	9.50	12/01/03	2,770,000	7.35
12/01/92	1,250,000	9.50	12/01/04	2,995,000	7.40
12/01/93	1,335,000	5.75	12/01/05	3,240,000	7.45
12/01/94	1,425,000	6.00	12/01/06	3,510,000	7.50
12/01/95	1,530,000	6.25	12/01/07	3,805,000	7.50
12/01/96	1,640,000	6.50	12/01/08	4,120,000	7.50
12/01/97	1,760,000	6.70	12/01/09	4,465,000	7.50
12/01/98	1,890,000	6.85	12/01/10	4,840,000	7.50
12/01/99	2,040,000	7.00	12/01/11	5,250,000	7.50
			12/01/12	5,690,000	7.50

On the basis of this bid, the interest cost and effective rate are as follows:

Total Interest Cost	$ 82,564,391.46
Plus Discount	$ —
Less Premium	$ 39,041.05
Net Interest Cost	$ 82,525,350.41
Effective Interest Rate (TIC)	7.395370 %

GOOD FAITH CHECK RECEIVED

Metropolitan Service District, Oregon
July 9, 1987
Page two

Both principal and interest will be payable at the Corporate Trust Office of Paying Agent of the District.

It is understood and agreed that prior to our taking up and paying for these bonds, we are to be furnished with the unqualified legal opinion of Messrs. Lindsay, Hart, Neil & Weigler of Portland, Oregon.

As evidence of our good faith in making this bid, and as required, we are attaching herewith our cashier's check in the amount of $500,000.00 to be held by you pending delivery of the bonds to us or to be returned immediately in the event we are not awarded this issue of bonds.

This bid is made for prompt acceptance and delivery on or about August 10, 1987.

Respectfully submitted,

KIDDER, PEABOBY & CO. INC. (SR. MGR)
A.G. EDWARDS & SONS INC.

Dennis C. Tripp

Kidder, Peabody & Co. Incorporated
Dennis C. Tripp
Vice-President

By
Scott D. B[illegible]

Kidder, Peabody & Co. Incorporated
1300 SW Fifth Avenue, Suite 3200
Portland, Oregon 97201

Gentlemen:

We hereby accept the above bid this ______ day of July 1987.

Attest:____________________ Approved:____________________

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ACCEPTING A BID FOR THE PURCHASE OF GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987, AND DIRECTING DELIVERY AND SALE THEREOF	)))))	RESOLUTION NO. 87-783 Introduced by the Executive Officer

WHEREAS, on the 9th day of July, 1987, bids were considered during a special meeting for the purchase of $65,000,000 of General Obligation Convention Center Bonds, Series 1987 of the Metropolitan Service District, to be dated July 1, 1987, and the Council of the District having considered said bids; and

WHEREAS, several bids having been received and considered, copies of each of which are attached hereto, and the Council deems it desirable that the responsible bidder offering to purchase said bonds at the true interest cost to the District be accepted; now, therefore,

BE IT RESOLVED:

Section 1. The Council hereby finds and determines that the bid of Merrill Lynch Capital Markets is the best bid received for the purchase of its General Obligation Convention Center Bonds, Series 1987, being the one with the true interest cost of 7.377798% per annum. That bid is hereby accepted and the bonds shall be sold and delivered to the bidder above named pursuant to the notice of bond sale.

ADOPTED by the Council of the Metropolitan Service District this 9th day of July, 1987.

ATTEST:

______________________	______________________
Clerk	(Deputy) Presiding Officer

RDRdkt463

erri ync1 pi ar e
Western Region Municipal Markets
400 South Hope Street
19th Floor
Post Office Box 711208
Los Angeles, California 90071-9737
213 683 4444

Merrill Lynch

July 9th, 1987

$65,000,000
METROPOLITAN SERVICE DISTRICT
WITHIN THE COUNTIES OF CLACKAMAS, MULTINOMAH AND WASHINGTON
STATE OF OREGON
GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987

The Metropolitan Service District
Within the Counties of Clackamas, Multinomah and Washington, Oregon
c/o The Offices of Lindsay, Hart, Neil & Weigler
Suite 1800
222 S.W. Columbia Street
Portland, Oregon 97201

Ladies and Gentlemen :

On behalf of MERRILL LYNCH CAPITAL MARKETS and pursuant to the Notice of Bond Sale, we offer to purchase the $65,000,000 par value of General Obligation Bonds, 1987 dated July 1, 1987 at a price equal to par plus a premium of 0 and accrued interest from the date of the bonds to date of delivery to us as described in your Notice of Bond Sale dated June 24th, 1987. This offer is being made for not less than all of said Bonds, which shall bear interest at the rates set forth in the following schedule :

DUE	AMOUNT	RATE	DUE	AMOUNT	RATE
12/1/88	$ 990,000	9.0	12/1/00	$2,195,000	7.00
12/1/89	$1,045,000	9.0	12/1/01	$2,370,000	7.10
12/1/90	$1,110,000	9.0	12/1/02	$2,560,000	7.20
12/1/91	$1,175,000	9.0	12/1/03	$2,770,000	7.30
12/1/92	$1,250,000	8.20	12/1/04	$2,995,000	7.40
12/1/93	$1,335,000	5.75	12/1/05	$3,240,000	7.40
12/1/94	$1,425,000	6.00	12/1/06	$3,510,000	7.50
12/1/95	$1,530,000	6.20	12/1/07	$3,805,000	7.50
12/1/96	$1,640,000	6.40	12/1/08	$4,120,000	7.50
12/1/97	$1,760,000	6.60	12/1/09	$4,465,000	7.60
12/1/98	$1,890,000	6.80	12/1/10	$4,840,000	7.60
12/1/99	$2,040,000	6.90	12/1/11	$5,250,000	7.65
			12/1/12	$5,690,000	7.65

This proposal is made for prompt acceptance and is made with the understanding that the unqualified opinion of Lindsay, Hart, Neil & Weigler, Lawyers of Portland, Oregon approving the legality of the Bonds in all respects will be delivered with the Bonds when paid in full.

In accordance with your Notice of Bond Sale and as evidence of our good faith, we hand you herewith a Cashier's check, drawn on a bank doing business in the State of Oregon in the amount of $500,000. The proceeds of such check are to be applied in partial payment of the Bonds if our proposal is accepted and the Bonds are awarded to us, or to be returned promptly to us in the event we are not awarded the bonds, or to be forfeited as full liquidated damages if we fail to fulfill the terms of this proposal.

We request that CUSIP numbers be printed on the bonds.

The following is for information only and not a part of this proposal.

Gross interest Cost	$82,625,713.96
Less a Premium	0
Net Interest Cost	82,625,713.96
True Interest Cost	7.377798%

Respectfully Submitted,
~~MERRILL LYNCH~~ CAPITAL MARKETS

John A. Tresch
Vice President & Regional Manager
THE WESTERN REGION

Member of the New York Stock Exchange, Inc

One New York Plaza
New York, N.Y. 10004 (212) 747-7000

Salomon Brothers Inc

July 9, 1987

Metropolitan Service District
Within The Counties of Clackamas,
Multnomah and Washington
c/o Lindsay, Hart, Neil & Weigler
222 S.W. Columbia Street, Suite 1800
Portland, Oregon 97201

Gentlemen,

In accordance with your Preliminary Official Statement dated July 1, 1987, which is hereby made part of this proposal for $65,000,000 Metropolitan Service District, With The Counties of Clackamas, Multonomah, and Washington, State of Oregon (General Obligation Convention Center Bonds, Series 1987), we will pay ______________________ Dollars ($65020,380.15) for the bonds to be dated July 1, 1987 and to mature and bear interest at the rate or rates as follows:

AMOUNT (000)	MATURITY (12/1)	INTEREST RATE	AMOUNT (000)	MATURITY (12/1)	INTEREST RATE
$ 990	1988	9.00 %	$2,195	2000	7.00 %
1,045	1989	9.00 %	2,370	2001	7.10 %
1,110	1990	9.00 %	2,560	2002	~~7.20~~ 7.30 %
1,175	1991	9.00 %	2,770	2003	7.50 %
1,250	1992	9.00 %	2,995	2004	7.60 %
1,335	1993	9.00 %	3,240	2005	7.60 %
1,425	1994	8.50 %	3,510	2006	7.70 %
1,530	1995	6.20 %	3,805	2007	7.70 %
1,640	1996	6.40 %	4,120	2008	7.75 %
1,760	1997	6.60 %	4,465	2009	7.75 %
1,890	1998	6.80 %	4,840	2010	7.75 %
2,040	1999	6.90 %	5,250	2011	7.75 %
			5,690	2012	~~7.75~~ 7.00 %

Enclosed is a cashier's check in the amount of $500,000.00 payable to the order of the "Metropolitan Service District" as evidence of our good faith.

Good faith check
received 7/9/87
K. Johnson

Respectfully submitted,
SALOMON BROTHERS INC & ASSOCIATES
BY: SALOMON BROTHERS INC

James McCullough

James McCullough
Vice President
Municipal Bond Department

For information purpose only, we compute the true interest cost as follows:

Gross Interest cost $ ____________
Less Premium ____________
Plus Discount ____________
Net Interest Cost ____________ Expressed in Percentage ________ %

SHEARSON LEHMAN BROTHERS
An American Express company

BID FORM

Metropolitan Service District
Within the Counties of
Clackamas, Multnomah and Washington, Oregon

$65,000,000 General Obligation Convention
Center Bonds, Series 1987

July 9, 1987

Metropolitan Service District, Oregon
c/o Lindsay, Hart, Neil & Weigler
Suite 1800
222 SW Columbia Street
Portland, OR 97201

Dear Sir or Madam:

We have examined the official terms and conditions of Bond sale relating to the above captioned bonds (The "Bonds"). By our submission of this bid, we evidence our agreement to the terms and conditions of the sale of the bonds as provided in the above mentioned document.

Bonds bear interest at the following rates:

Maturity Date	Principle Amount	Interest Rate
12/1/88	$ 990,000	14.00 %
12/1/89	1,045,000	14.00 %
12/1/90	1,110,000	14.00 %
12/1/91	1,175,000	14.00 %
12/1/92	1,250,000	14.00 %
12/1/93	1,335,000	8.00 %
12/1/94	1,425,000	6.00 %
12/1/95	1,530,000	6.25 %
12/1/96	1,640,000	6.50 %
12/1/97	1,760,000	6.60 %
12/1/98	1,890,000	6.80 %
12/1/99	2,040,000	6.90 %
12/1/00	2,195,000	7.00 %
12/1/01	2,370,000	7.00 %
12/1/02	2,560,000	7.20 %
12/1/03	2,770,000	7.30 %
12/1/04	2,995,000	7.40 %
12/1/05	3,240,000	7.50 %
12/1/06	3,510,000	7.50 %
12/1/07	3,805,000	7.60 %
12/1/08	4,120,000	7.50 %
12/1/09	4,465,000	7.50 %
12/1/10	4,840,000	7.50 %
12/1/11	5,250,000	7.50 %
12/1/12	5,690,000	6.50 %

222 Southwest Columbia
Suite 1500
Portland, OR 97201

503 243 6900

We will pay $65,000,000 plus a premium of $ 34,569.30 and accrued interest from the date of the bonds to the delivery date.

Cashiers check no. 12506 issued by FIRST INTERSTATE BANK OF OREGON bank and payable to the order of the "Metropolitan Service District, Oregon" in the amount of $500,000 (is attached) as a good faith deposit for disposition in accordance with the terms and conditions set forth in the official Notice of Sale.

The following is for informational purposes only and is not considered part of the bid.

True Interest Cost 7.3990224 %

Total Interest Cost $ 81,912,885.00

Respectfully submitted,
Shearson Lehman Bros, Inc.

By Frank A. Scaraggi
Authorized Representative

THE FIRST BOSTON CORPORATION

MEMBER NEW YORK STOCK EXCHANGE, INC.

CABLE ADDRESS
FIRSTCORP, NEW YORK

PARK AVENUE PLAZA
NEW YORK, N.Y. 10055

PROPOSAL
FOR THE PURCHASE OF

$65,000,000
Metropolitan Service District,
Within the counties of Clackamas, Multnomah,
and Washington, Oregon

General Obligation Convention Center Bonds
Series 1987

In accordance with the provisions of the official Notice of Sale pertaining to this issue, we offer to pay the sum of sixty-five million, three thousand, ninety-eight and 80/100 Dollars ($65,003,098.80), together with accrued interest, if any, to the date of delivery.

MATURITY	INTEREST RATE	MATURITY	INTEREST RATE	MATURITY	INTEREST RATE	MATURITY	INTEREST RATE
1988	14.00	1995	6.25	2001	7.10	2007	7.60
1989	14.00	1996	6.40	2002	7.30	2008	7.60
1990	14.00	1997	6.60	2003	7.40	2009	7.70
1991	12.50	1998	6.80	2004	7.50	2010	7.70
1992	5.70	1999	6.90	2005	7.60	2011	7.70
1993	5.90	2000	7.00	2006	7.60	2012	7.70
1994	6.10						

This bid is made subject to our being furnished without expense to us at the time of delivery of these bonds a non-litigation certificate in the usual and customary form and the opinion of Messrs. Lindsay, Hart, Neil and Weigler approving their legality satisfactory to us.

As evidence of our Good Faith in bidding, we enclose cashier's check in the amount of $500,000 payable to the order of Metropolitan Service District/Oregon If this proposal is accepted, this is to be retained as part payment of the above mentioned bonds; otherwise, it is to be returned promptly to our representative.

Good Faith Check
rec'd 7/9/87
K Johnson

Sincerely,

THE FIRST BOSTON CORPORATION

Michael Cirasella

Michael Cirasella, Vice President

The following is for information and is not a part of this bid:

TOTAL INTEREST . . . . $

PREMIUM/DISCOUNT . . . .

NET INTEREST COST. . . . .

~~NET~~/CANADIAN INTEREST COST RATE. (TIC). . . . . 7.5132 %

OFFICIAL NOTICE OF BOND SALE

$65,000,000
METROPOLITAN SERVICE DISTRICT
WITHIN THE COUNTIES OF CLACKAMAS, MULTNOMAH AND WASHINGTON
STATE OF OREGON
GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the Metropolitan Service District, within the Counties of Clackamas, Multnomah and Washington, Oregon (the "District"), for the purchase of its General Obligation Convention Center Bonds, Series 1987 (the "Bonds") until 10:00 o'clock a.m. (Pacific Time) on Thursday, July 9, 1987, at the offices of Lindsay, Hart, Neil & Weigler, Suite 1800, 222 S.W. Columbia Street, Portland, Oregon 97201, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the Council of the District within four hours.

ISSUE: The issue shall be in the aggregate amount of SIXTY-FIVE MILLION DOLLARS ($65,000,000) consisting of registered Bonds in denominations of FIVE THOUSAND DOLLARS ($5,000) or integral multiples thereof, all dated July 1, 1987.

INTEREST RATE: The maximum interest rate shall not exceed a net effective rate of ten percent (10%) per annum. Interest is payable semiannually on December 1 and June 1 of each year until maturity or prior redemption, commencing June 1, 1988. Bidders must specify the interest rate or rates which the Bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of one-one hundredth (.01%) of one percent; (2) no Bond shall bear more than one rate of interest; (3) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) all Bonds maturing at any one time shall bear the same rate of interest; and (5) no rate of interest may exceed fourteen percent (14%).

MATURITIES: The Bonds shall mature serially on the first day of December of each year as follows:

Year	Amount	Year	Amount
1988	$ 990,000	2000	$2,195,000
1989	$1,045,000	2001	$2,370,000
1990	$1,110,000	2002	$2,560,000
1991	$1,175,000	2003	$2,770,000
1992	$1,250,000	2004	$2,995,000
1993	$1,335,000	2005	$3,240,000
1994	$1,425,000	2006	$3,510,000
1995	$1,530,000	2007	$3,805,000
1996	$1,640,000	2008	$4,120,000
1997	$1,760,000	2009	$4,465,000
1998	$1,890,000	2010	$4,840,000
1999	$2,040,000	2011	$5,250,000
		2012	$5,690,000

REGISTRATION: The Bonds will be issued in fully registered form, and may be exchanged at the expense of issuer for similar Bonds of different authorized denominations. Bonds may not be converted to bearer form.

OPTIONAL REDEMPTION: The District reserves the right to redeem all or any portion of the Bonds maturing after December 1, 1997, in inverse order of maturity and by lot within a maturity on December 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

Notice of any call or redemption, unless waived, shall be mailed not less than thirty and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by law and the authorizing resolution; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check through the principal corporate trust offices of the co-registrars and paying agents of the District, which are currently the offices of the fiscal agency of the State of Oregon in New York, New York and a bank to be designated by the Council having offices in Portland, Oregon.

PURPOSE: The Bonds are being issued to finance the acquisition and construction of a regional convention and trade show center. The Bonds were authorized at a general election held within the District on November 4, 1986.

SECURITY: The Bonds are general obligations of the District. The District has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

BOND INSURANCE: Application will be made for qualification of the Bonds for debt service insurance. If the Bonds qualify for municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the bidder. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of his contractual obligation arising from the acceptance of his proposal for the purchase of the Bonds.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers, of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the Bonds at the expense of the District.

TAX EXEMPT STATUS: Interest on the Bonds, in the opinion of bond counsel, is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certai.. minimum taxes) and from personal income taxation by the State of Oregon under present state law.

The District has covenanted to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"). Assuming compliance by the District with the applicable requirements of the Code, interest on the Bonds will continue to be exempt from gross income for federal income tax purposes (except for alternative minimum taxes on corporations) under present federal income tax laws and from personal income taxation by the State of Oregon under present state law. The Bonds are not "private activity bonds" under the Code.

BEST BID: The Bonds will be awarded to the responsible bidder whose proposal will result in the lowest true interest cost to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service to July 1, 1987 and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and true interest cost that the District will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery. The cost of printing the Bonds will be paid by the District.

DELIVERY: Delivery of the Bonds will be made within thirty days from the date bids are opened without cost to the successful bidder at such City as the successful bidder shall name. Payment for the Bonds must be made in immediately available funds.

FORM OF BID: All bids must be for not less than all the Bonds hereby offered for sale, and for not less than one hundred percent (100%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as

herein specified must be enclosed in a sealed envelope addressed to the District and designated "Proposal for Bonds."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon for Five Hundred Thousand Dollars ($500,000) payable to the order of the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the District as liquidated damages in case the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the Bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the District promptly.

REOFFERING PRICE: The successful bidder must certify the initial reoffering price for each maturity of the bonds to the District's financial advisor not less than three business days prior to closing. This certification shall constitute the agreement of the bidder to offer all bonds in each maturity for sale at a price no greater than the certified reoffering price until at least ten percent of the principal amount of each maturity is sold at a price less than or equal to the certified reoffering price. Failure to honor this agreement may result in cancellation of the sale and forfeiture of the bidder's good faith deposit.

RIGHT OF REJECTION: The District reserves the right to reject any or all bids, and to waive any irregularities.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the Bonds, a copy of which will be furnished upon request to its financial consultant, Government Finance Associates, Inc., 1300 S.W. 5th Avenue, Suite 2929, Portland, Oregon 97201, telephone: (503) 222-1405.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the District's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said Bonds, the District will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

FURTHER INFORMATION: Additional information regarding the District and this sale may be obtained from Tuck Wilson, Project Manager, Metropolitan Service District, 2000 S.W. First Avenue, Portland, Oregon 97201, telephone (503) 221-1646.

A. Marie Nelson, Clerk
Metropolitan Service District
Within the Counties of Clackamas,
Multnomah and Washington, Oregon

METROPOLITAN SERVICE DISTRICT

INTRODUCTION

The Metropolitan Service District (Metro) is a directly elected regional government serving the Portland metropolitan area. Metro was created by the Oregon Legislature and approved by the voters in 1978. Two regional organizations, Metropolitan Service District and the Columbia Region Association of Governments (CRAG), were merged to form Metro. Metro began functioning January 1, 1979.

Metro serves the urbanized areas of Clackamas, Multnomah and Washington counties. Nearly one million people from 24 cities and unincorporated areas throughout the three counties reside within its boundary.

Metro is governed by Oregon Revised Statutes, chapter 268, which sets forth the services Metro is authorized to provide and its powers. Metro is currently responsible for operating the Washington Park Zoo, managing solid waste disposal, providing transportation planning, administering the Urban Growth Boundary, and providing local governments with technical and data services. Following a one-and-a-half year effort involving several government jurisdictions and business and community leaders, Metro was selected as the governing body for future convention, trade and spectator facilities in the region.

Although not provided at this time, ORS chapter 268 also authorizes Metro to provide regional aspects of sewerage, public transportation, water supply, human services, parks and recreation, cultural facilities, libraries, correctional facilities and correctional programs.

Metro's major sources of funding are enterprise revenues (solid waste fees, zoo admission fees and concession revenue), a property tax levy for the zoo, federal grants and loans, and a dues assessment on local governments in the Metro region.

BID FORM

$65,000,000.00
Metropolitan Service District
The Counties of Clackamas,
Multnomah, and Washington, Oregon
General Obligation Convention Center Bonds, Series 1987

Prudential Bache

Sale Date: July 9, 1987 @ 10:00 AM PDT

Gentlemen:

For $65,000,000.00 Principal amount of General Obligation Bonds, as described in the Official Statement and Notice of Sale, which are incorporated herein and made a part of this proposal, we will pay the sum of $~~[illegible]~~ 65,003,296.15, and interest to the date of delivery.

1988	$ 990,000	13.~~[illegible]~~ .40 %	2000	$2,195,000	7.00 %
1989	1,045,000	13.~~[illegible]~~ % 40	2001	2,370,000	7.~~[illegible]~~ % 10
1990	1,110,000	13.~~[illegible]~~ % 40	2002	2,560,000	7.25 %
1991	1,175,000	13.~~[illegible]~~ % 40	2003	2,770,000	7.30 %
1992	1,250,000	13.~~[illegible]~~ % 40	2004	2,995,000	7.40 %
1993	1,335,000	5.80 %	2005	3,240,000	7.40 %
1994	1,425,000	6.00 %	2006	3,510,000	7.50 %
1995	1,530,000	6.20 %	2007	3,805,000	7.50 %
1996	1,640,000	6.40 %	2008	4,120,000	7.50 %
1997	1,760,000	6.60 %	2009	4,465,000	7.50 %
1998	1,890,000	6.75 %	2010	4,840,000	7.50 %
1999	2,040,000	6.90 %	2011	5,250,000	7.50 %
			2012	5,690,000	7.50 %

A certified or cashier's check in the amount of $500,000.00 payable to the District is enclosed.

Total Interest Payable from Dated to Maturity: $ 82,940,047.08
Less Premium: $ 4,284.60
Plus Discount: $ —
Net Interest Cost: $ 82,935,762.48

NIC 7.45102 %

TIC 7.46149 %

Respectfully submitted,

Alan W. Murphy

Alan W. Murphy, First Vice President

Good faith check returned and receipt thereof acknowledged.

[signature]

Kidder, Peabody & Co.
INCORPORATED
Founded 1865

NEW YORK • BOSTON • PHILADELPHIA
CHICAGO • SAN FRANCISCO • LOS ANGELES
ATLANTA • DALLAS • KANSAS CITY, MO.

3200 FIRST INTERSTATE TOWER
1300 S. W. FIFTH AVENUE
PORTLAND, OREGON 97201
TELEPHONE (503) 225-9210

July 9, 1987

Metropolitan Service District, Oregon
Lindsay, Hart, Neil & Weigler
Suite 1800
222 S.W. Columbia
Portland, Oregon 97201

Gentlemen:

For all or none of the Metropolitan Service District, Oregon General Obligation Convention Center Bonds, in the amount of Sixty Five Million Dollars ($65,000,000) par value to be dated July 1, 1987 as described in your official notice of sale, which is hereby made a part of this bid, the undersigned will pay 100.0601 for each $100 par value thereof, which is a total of $ 65,039,041.05, plus accrued interest from the date of bonds to date of delivery to us for bonds maturing in your notice of sale and bearing interest as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
12/01/88	$ 990,000	14.00	12/01/00	$ 2,195,000	7.10
12/01/89	1,045,000	14.00	12/01/01	2,370,000	7.20
12/01/90	1,110,000	9.50	12/01/02	2,560,000	7.30
12/01/91	1,175,000	9.50	12/01/03	2,770,000	7.35
12/01/92	1,250,000	9.50	12/01/04	2,995,000	7.40
12/01/93	1,335,000	5.75	12/01/05	3,240,000	7.45
12/01/94	1,425,000	6.00	12/01/06	3,510,000	7.50
12/01/95	1,530,000	6.25	12/01/07	3,805,000	7.50
12/01/96	1,640,000	6.50	12/01/08	4,120,000	7.50
12/01/97	1,760,000	6.70	12/01/09	4,465,000	7.50
12/01/98	1,890,000	6.85	12/01/10	4,840,000	7.50
12/01/99	2,040,000	7.00	12/01/11	5,250,000	7.50
			12/01/12	5,690,000	7.50

On the basis of this bid, the interest cost and effective rate are as follows:

Total Interest Cost	$ 82,564,391.46
Plus Discount	$ —
Less Premium	$ 39,041.05
Net Interest Cost	$ 82,525,350.41
Effective Interest Rate (TIC)	7.395370 %

GOOD FAITH CHECK RECEIVED

Metropolitan Service District, Oregon
July 9, 1987
Page two

Both principal and interest will be payable at the Corporate Trust Office of Paying Agent of the District.

It is understood and agreed that prior to our taking up and paying for these bonds, we are to be furnished with the unqualified legal opinion of Messrs. Lindsay, Hart, Neil & Weigler of Portland, Oregon.

As evidence of our good faith in making this bid, and as required, we are attaching herewith our cashier's check in the amount of $500,000.00 to be held by you pending delivery of the bonds to us or to be returned immediately in the event we are not awarded this issue of bonds.

This bid is made for prompt acceptance and delivery on or about August 10, 1987.

Respectfully submitted,

KIDDER, PEABOBY & CO. INC. (SR. MGR)
A.G. EDWARDS & SONS INC.

Dennis C. Tripp

Kidder, Peabody & Co. Incorporated
Dennis C. Tripp
Vice-President

By

Kidder, Peabody & Co. Incorporated
1300 SW Fifth Avenue, Suite 3200
Portland, Oregon 97201

Gentlemen:

We hereby accept the above bid this ______ day of July 1987.

Attest:____________________ Approved:____________________

METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Agenda

Meeting: Special Council Meeting

Date: July 9, 1987

Day: Thursday

Time: 11:30 a.m.

Place: Council Chamber

Approx. Time*		Presented By
11:30	CALL TO ORDER ROLL CALL	
11:35	Consideration of Resolution No. 87-783, for the Purpose of Accepting a Bid for the Purchase of the Metropolitan Service District General Obligation Bonds, Series 1987, and Directing Delivery and Sale Thereof (Action Requested: Adoption of the Resolution)	Wilson
11:50	ADJOURN	

amn
7799C/313-1
06/30/87

STAFF REPORT

Agenda Item No. 1

Meeting Date: July 9, 1987
(Special Meeting)

CONSIDERATION OF RESOLUTION NO. 87-783, ACCEPTING A BID FOR THE PURCHASE OF THE METROPOLITAN SERVICE DISTRICT CONVENTION CENTER GENERAL OBLIGATION BONDS, SERIES 1987, AND DIRECTING DELIVERY AND SALE THEREOF

Date: June 30, 1987

Presented by: Tuck Wilson

FACTUAL BACKGROUND AND ANALYSIS

After nearly two years of study by a regional citizens committee (the CTS), the Council submitted to the voters of the District the questions of contracting a general obligation indebtedness in the amount of $65 million and the financing of a regional convention and trade show facility for the District. On November 4, 1986, the voters of the District approved the issuance of those bonds.

Progress has been made in securing the remainder of the project's construction budget. Senate Bill 964, approved by the State legislature, allocates $15 million in lottery funds to the project. The final action of the Portland City Council approving the convention center local improvement district is scheduled for July 8, 1987. We will report that action to you at your meeting.

Based on this progress, the Council authorized on June 11, 1987, the issuance and sale of the Bonds via resolution No. 87-767. Subsequent to this resolution, the preliminary official statement was printed, and notices were published advertising the pending sale.

The bid opening is scheduled for July 9, 10:00 am, in Bond Counsel's office. A report to the Council on the bids received together with a resolution approving the sale to the lowest true interest cost bidder will be presented to the Council at your special meeting on July 9 at 11:30 am.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer's recommendation will be presented at the special meeting.

METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

News Release

July 9, 1987
For immediate release
For information call: Jan Schaeffer or Vickie Rocker, 221-1646

Convention center bonds sell at low rate; voters save

The Council of the Metropolitan Service District today awarded sale of its $65 million convention center bond issue to Merrill, Lynch, Pierce, Fenner & Smith, Inc. The composite interest rate on the package of bonds is 7.37 percent.

"It's a windfall for the region's voters and property taxpayers," commented Metro executive officer Rena Cusma. "The rate is substantially lower than we had expected."

An 8 percent rate was assumed in planning calculations. The sale rate of 7.37 percent translates into a savings of approximately $5 million over the 25-year life of the bond issue.

During the bond measure campaign last fall, voters were quoted an average property tax rate of 14 cents per thousand dollars property value to pay back the bonds. Today's sale results in an average tax rate of 13.3 cents.

Earlier this week Standard and Poor, a bond rating service, granted an AA+ rating to Metro for this bond sale. The favorable bond sale is attributed in part to this high rating, next to the top among Standard and Poor categories.

Six financial institutions submitted bids for purchase of the bond issue. Bids were opened today, and the sale awarded to the lowest bidder.

PRELIMINARY OFFICIAL STATEMENT DATED: JUNE 24, 1987

NEW ISSUE — COMPETITIVE

SALE DATE: JULY 9, 1987
RATING: MOODY'S ____________
STANDARD & POOR'S ___

In the opinion of Bond Counsel, under existing law, assuming compliance with the Issuer's covenants relating to the Tax Exemption, interest on the Bonds is exempt from all federal income taxes, except as more fully set forth in Bond Counsel's opinion and as otherwise described in Appendices D and E, and is exempt from state of Oregon personal income taxes.

METROPOLITAN SERVICE DISTRICT

WITHIN THE COUNTIES OF CLACKAMAS, MULTNOMAH, AND WASHINGTON, OREGON

$65,000,000
GENERAL OBLIGATION CONVENTION CENTER BONDS
SERIES 1987

DATED: July 1, 1987

DUE: December 1, 1988-2012

The Bonds are registered bonds in $5,000 denominations or integral multiples thereof. Interest is payable semiannually beginning June 1, 1988, through the principal trust offices of the co-registrar and paying agent of the District, the fiscal agent of the state of Oregon, currently Chase Manhattan Bank, New York, New York.

Bond proceeds will be used to finance the acquisition and construction of a regional convention and trade show center and to pay the costs of issuance of the bonds. The District is obligated to levy on all taxable property within the District a direct annual ad valorem tax, in addition to all other monies, sufficient to pay bond principal and interest promptly when and as they become due.

MATURITY SCHEDULE

Due December 1	Principal Amount	Interest Rate	Yield	Due December 1	Principal Amount	Interest Rate	Yield
1988	$ 990,000			2000	$2,195,000		
1989	1,045,000			2001	2,370,000		
1990	1,110,000			2002	2,560,000		
1991	1,175,000			2003	2,770,000		
1992	1,250,000			2004	2,995,000		
1993	1,335,000			2005	3,240,000		
1994	1,425,000			2006	3,510,000		
1995	1,530,000			2007	3,805,000		
1996	1,640,000			2008	4,120,000		
1997	1,760,000			2009	4,465,000		
1998	1,890,000			2010	4,840,000		
1999	2,040,000			2011	5,250,000		
				2012	5,690,000		

Redemption Provision — The bonds are subject to redemption prior to maturity.

Tax Exemption — The Bonds are governmental purpose bonds.

Legal Opinion — The Bonds are offered for sale to the original purchaser pursuant to the official Notice of Sale of the District subject to the final approving opinion of Lindsay, Hart, Neil & Weigler, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery on or about July 16, 1987.

FINANCIAL ADVISOR:

Government Finance Associates, Inc.

1300 S.W. 5th Avenue, Suite 2929, Portland, Oregon 97201 • 503/222-1405

OFFICIAL STATEMENT
OF THE
METROPOLITAN SERVICE DISTRICT
CLACKAMAS, MULTNOMAH, AND WASHINGTON COUNTIES
OREGON

Relating to
$65,000,000 General Obligation Convention Center Bonds, Series 1987
For Sale July 9, 1987, 10:00 a.m. PPT

COUNCIL

Richard C. Waker, Presiding Officer
Mike Ragsdale, Councilor
Corky Kirkpatrick, Councilor
Tom DeJardin, Councilor
George Van Bergen, Councilor
Sharron Kelley, Councilor

Jim Gardner, Deputy Presiding Officer
Michael Bonner, Councilor
Tanya Collier, Councilor
Larry Cooper, Councilor
Gary Hansen, Councilor
David Knowles, Councilor

Executive Officer: Rena M. Cusma

Deputy Executive Officer: Richard D. Engstrom

Director, Finance and Administration: Raymond A. Phelps, Jr.

Director, Solid Waste Department: Richard Owings

Acting Director, Intergovernmental Resource Center: Marc F. Madden

Director, Washington Park Zoo: Gene E. Leo, Jr.

Director, Convention Center Project: Lyndon A. S. (Tuck) Wilson, Jr.

General Counsel: Vacant

Director, Management Services: Jennifer A. Sims

Accounting Manager: Donald R. Cox, Jr.

Council Administrator: Donald E. Carlson

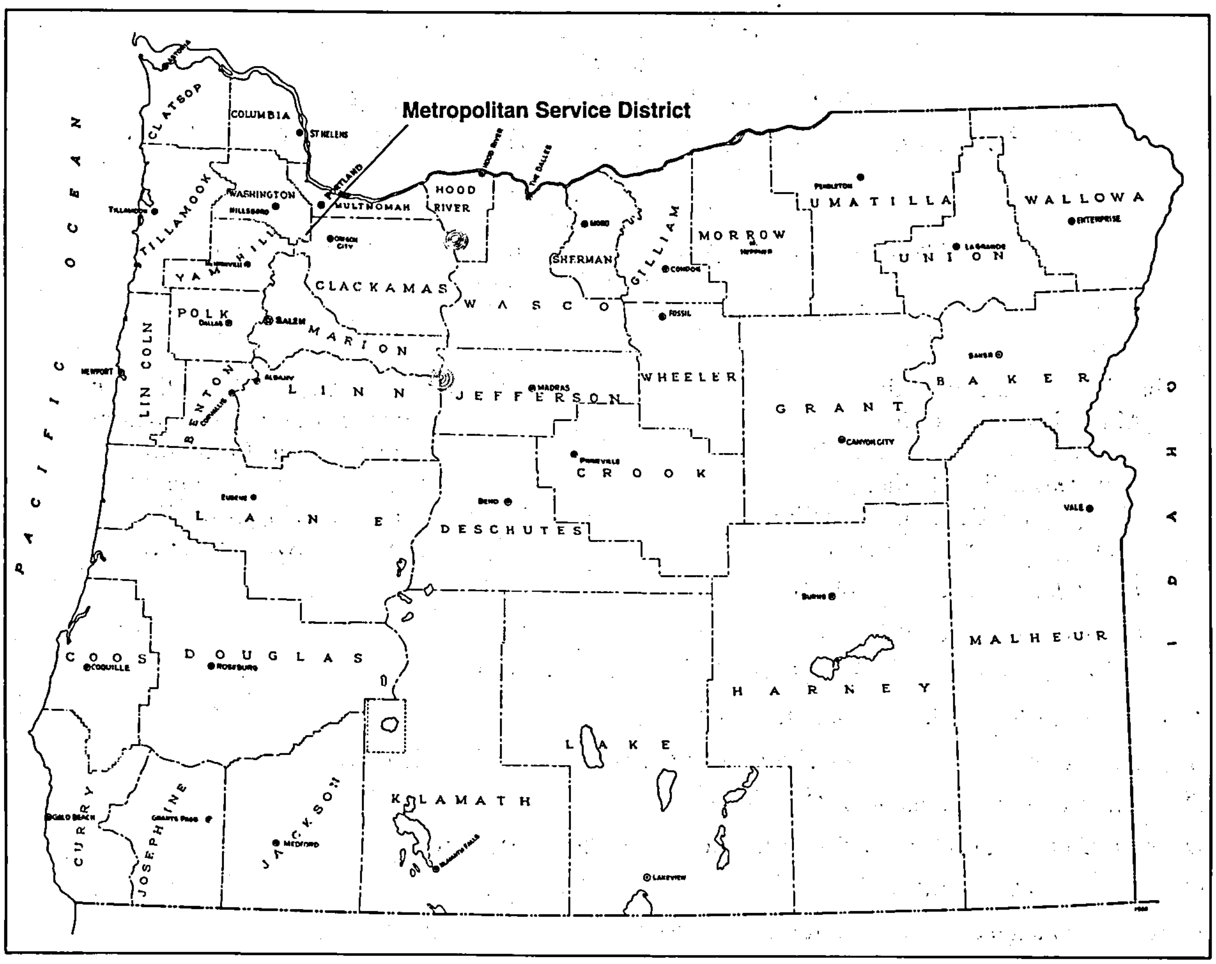
Clerk of the Council: A. Marie Nelson

PROFESSIONAL SERVICES

Lindsay, Hart, Neil & Weigler, Bond Counsel
Government Finance Associates, Inc., Financial Counsel
Zimmer Gunsul Frasca Partnership, Architects
Turner Construction Co., Inc., Construction Managers

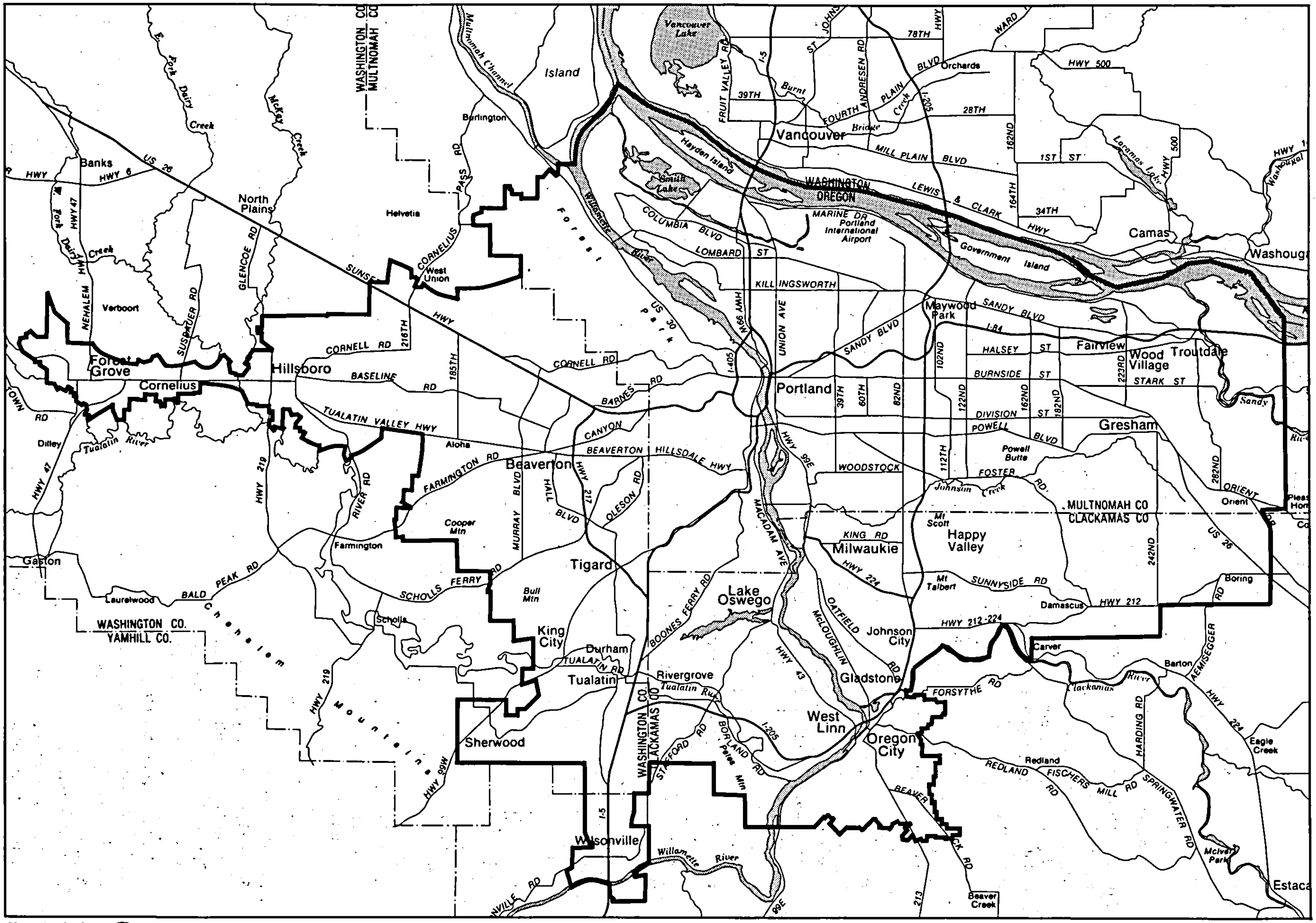
This Official Statement is intended only to furnish information in connection with the public invitation for bids for the purchase of these bonds. The Official Statement DOES NOT constitute a recommendation, expressed or implied, to purchase or not to purchase these bonds.

THE DATE OF THIS OFFICIAL STATEMENT IS JUNE 24, 1987.



Map Courtesy of Oregon Department of Transportation

STATE OF OREGON



METRO

Metro Boundary

2000 S.W. First Ave., Portland, OR 97201-5398, (503) 221-1646, 1" = 4 mi., 7-87-01

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SUMMARIES

BOND ISSUE SUMMARY
METROPOLITAN SERVICE DISTRICT
$65,000,000

General Obligation Convention Center Bonds, Series 1987

Sale Date: July 9, 1987, 10:00 a.m., Prevailing Pacific Time

Date of Issue: July 1, 1987

Rating: The District will seek a rating on these bonds from Moody's Investor Service and Standard & Poor's. The District has no outstanding bonds and thus no prior rating.

Purpose: The bonds are being issued to finance the acquisition and construction of a regional convention and trade show center. The bonds will be maintained as "governmental purpose" bonds according to the Tax Reform Act of 1986.

Denominations: $5,000 or integral multiples thereof.

Maturities: Principal is payable December 1. Interest is payable June 1, and December 1, commencing June 1, 1988. (The first interest payment covers eleven months.)

Maturity Date	Principal Amount	Maturity Date	Principal Amount
12/1/88	$ 990,000	12/1/01	$2,370,000
12/1/89	1,045,000	12/1/02	2,560,000
12/1/90	1,110,000	12/1/03	2,770,000
12/1/91	1,175,000	12/1/04	2,995,000
12/1/92	1,250,000	12/1/05	3,240,000
12/1/93	1,335,000	12/1/06	3,510,000
12/1/94	1,425,000	12/1/07	3,805,000
12/1/95	1,530,000	12/1/08	4,120,000
12/1/96	1,640,000	12/1/09	4,465,000
12/1/97	1,760,000	12/1/10	4,840,000
12/1/98	1,890,000	12/1/11	5,250,000
12/1/99	2,040,000	12/1/12	5,690,000
12/1/2000	2,195,000		

Average Life: 16.79 years.

Redemption: Bonds maturing after December 1, 1997 are subject to early optional redemption on any interest payment date on or after December 1, 1997, in inverse order of maturity at par plus accrued interest.

Notice of redemption shall be given by mailing notice thereof to the registered owners not less than 30 days prior to the redemption date, and as otherwise required by law. Interest on any bond or bonds so called for redemption shall cease on the redemption date designated in the notice.

Reoffering Price: The successful bidder must certify the initial reoffering price for each maturity of the bonds to the District's financial advisor not less than three business days prior to closing. This certification shall constitute the sale at a price no greater than the certified reoffering price until at least ten percent of the principal amount of each maturity is sold at a price less than or equal to the certified reoffering price. Failure to honor this agreement may result in cancellation of the sale and forfeiture of the bidder's good faith deposit.

Registration: The bonds will be issued in fully registered form.

Co-Registrars:	The bonds will be registered and payable upon presentation at the principal corporate trust offices of the District's co-registrars. Co-registrars for the District in New York, is the state of Oregon fiscal agent, currently Chase Manhattan Bank. Co-registrar in Portland, Oregon is currently ______________.
Paying Agent:	Interest on the bonds is payable by check of the paying agent, currently Chase Manhattan Bank, mailed to the registered owner.
Record Date:	The 15th day of the month preceding a bond payment date.
Authorization:	These bonds were authorized at a general election held within the District on November 4, 1986.
Security:	These bonds are general obligations of the District. The primary source of payment for these bonds is property taxes. The District has the power and is obligated to cause ad valorem taxes, without limitation as to rate or amount, to be levied annually upon all taxable property within the boundaries of the District in an amount sufficient to pay the principal of and interest upon the bonds.
Bid Amount:	Bids must be for not less than 100% of the par value.
Bidding Limitations:	Each interest rate must be in multiples of 1/100 of one percent. The true interest rate may not exceed 10%. No single interest rate may exceed 14%. The bonds will be awarded to the lowest TIC bid.
Bond Insurance:	Application will be made for qualification of the bonds for insurance. Purchase of insurance is at the option and expense of the bidder.
Tax Limitations:	Increases in property tax levies for operating purposes which exceed the "six-percent limitation" created by the state's constitution must be voter approved. The state constitution excludes levies for payment of debt service from this limitation.
Debt Limitation:	ORS 268.520 provides that the aggregate amount of general obligation bonded debt of Metropolitan Service District shall not at any time exceed 10 percent of the true cash value of all taxable property within the District.
Tax Exempt Status:	Interest on the Bonds, in the opinion of bond counsel, is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certain minimum taxes) and from personal income taxation by the State of Oregon under present state laws. See Appendixes D and E for further discussion of the tax exempt status of the Bonds.
Legal Opinion:	The unqualified legal opinion of Lindsay, Hart, Neil & Weigler, Lawyers of Portland, Oregon, will be furnished free of charge to the original purchaser of the bonds. A copy of the legal opinion will be printed on the bond.
Pending Litigation:	There is no litigation pending or threatened against the District that would in any way relate to the bond issue.
Default:	The District has never defaulted on any debt obligation.
Remedies in the Event of Default:	In the opinion of Bond Counsel, if the District were to default, the District could be compelled by a court of competent jurisdiction, in an appropriate proceeding, to levy annually a tax, without limit as to rate or amount, sufficient to pay principal and interest on the bonds and to order payment on the bonds from funds lawfully available therefore. In exercising its

discretion as to whether to enter such an order, the court may take into account all relevant factors including the current operating needs of the District and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or of interest on bonds may also be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

CUSIP Numbers: CUSIP identification numbers will be printed on the bonds at the expense of the District.

Legality of Investment: The bonds are legal investments for all Oregon trust funds, commercial and savings banks, trust companies and funds of insurance companies.

Financial Advisor: Government Finance Associates, Inc., has acted as financial consultant to Metropolitan Service District in connection with preparation of this statement and the issuance of these bonds.

Approval of Counsel: Legal matters incident to the authorization, issuance and sale by the District of these bonds are subject to the unqualified approving opinion of Bond Counsel. Bond Counsel has not independently verified the accuracy or completeness of the representations in this Official Statement except that information contained in the preceding sections relating to the bonds entitled: "Authorization," "Security," "Debt Limitation," and "Tax Exempt Status."

Experts: The most recent audited annual financial report is for the fiscal year ended June 30, 1986, which audit report was rendered by Peat Marwick Mitchell & Co., independent certified public accountants. (In 1987 the firm's name was changed to Peat Marwick Main & Company.) The auditors were not requested to review this Official Statement and have not completed any additional auditing or review procedures subsequent to the issuance of their report on the 1986 fiscal year. Copies of the complete 1986 audited annual financial statements are available upon request. A partial copy of the 1986 audited annual financial statements is found in Appendix A of this Official Statement.

Information Sources: The information contained in this Official Statement has been obtained from the District and State of Oregon public records or from the sources indicated in the statement. This Official Statement describes the affairs of the District up to the date of this statement; it does not purport to describe the affairs of the District after that date.

Delivery: Delivery of the bonds will be made on or about July 16, 1987, in any location specified by the purchaser at the District's expense.

Additional Information: Tuck Wilson, Project Manager, Metropolitan Service District, 2000 S.W. First, Portland, Oregon 97201, phone (503) 221-1646, or

Government Finance Associates, Inc., 1300 S.W. Fifth, Suite 2929, Portland, Oregon 97201, phone (503) 222-1405.

SUMMARY STATEMENT

The following information is furnished solely to provide limited introductory information regarding the terms of the Bonds and the Project for which they are being sold. Such information does not purport to be comprehensive, and such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement and the specific documents referred to therein and should be read together therewith. The offering of the Bonds is made only by means of the entire Official Statement. No person is authorized to make offers to sell, or solicit offers to buy, the Bonds unless the entire Official Statement is delivered in connection therewith.

The Bonds

The bonds are general obligations of the Metropolitan Service District within the counties of Clackamas, Multnomah and Washington, Oregon. The Bonds will be dated July 1, 1987, and will pay interest semi-annually on December 1 and June 1 of each year, beginning June 1, 1988. The principal on the bonds will be payable on December 1 in the years identified on the cover of this Official Statement. The Bonds are subject to redemption prior to maturity.

Authorization

The issuance of the Bonds was authorized by a majority vote of all eligible electorate within the District in a general election held on November 4, 1986. The issuance of and sale of the Bonds was further authorized by Resolution No. 87-767 passed by the elected Council of the District on June 11, 1987.

Security for the Bonds

The Bonds are general obligations of the District. The District has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they become due.

Tax-Exemption of the Bonds

The Bonds are NOT "private activity bonds" under the Internal Revenue Code of 1986. Interest on the Bonds is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certain minimum taxes) and from personal income taxation by State of Oregon under present state law.

The Project

Background

A regional committee was formed in 1985 to formulate a master plan to address the perceived need for regional convention, trade and spectator facilities. The committee, known as CTS, presented a master plan which was adopted by the City of Portland and the Metropolitan Service District in May 1986. The CTS identified as a top priority the construction of a convention center. Following the choice of the Holladay/Union Avenue site, the District formed a Convention Center Project office in June 1986 and placed a $65 million general obligation bond issue on the November 1986 ballot. Since the approval of the bond issue, an architectural firm has been chosen to design the convention center site.

The Site

The site chosen for the construction of the convention center has 17½ blocks, or approximately 17½ acres of land available for development. Project plans call for the construction of a 469,600-square-foot facility which will provide a flexible building optimized for hosting mid-sized conventions and trade shows. The site is situated near the intersection of Interstate Highways 5 and 84, with access to each from all directions. The site will also be served by the newly opened light-rail system.

Funding for the Project

The convention center project will be funded from multiple sources. In addition to the proceeds derived from this bond sale, the project will be funded by a $15 million lottery-funded grant by the Oregon State Legislature and an additional $5 million funded by a City of Portland local improvement district.

Construction

Construction on the project is scheduled to begin in July 1988, with completion scheduled for September 1990. Prior to actual construction, one year has been allotted to the preliminary design stage, the demolition and clearance of present structures, and the relocation of utilities.

Management

Upon completion of the facility, management of the Oregon Convention Center will be by a regional commission to be established by the District. Prior to the opening of the project, management issues will be addressed by the City of Portland's Exposition-Recreation Commission under contract with the District.

Operations

Operations of the convention center will be funded by enterprise revenue (rental fees, concessions, parking) and a Multnomah County hotel/motel tax. Multnomah County has levied an additional 3 percent hotel/motel tax dedicated to preparing for and operating the Convention Center. This additional tax is projected to generate $2 million per year. In the construction and start-up phase, the tax will be used primarily for planning and marketing. Also, an operating reserve is being established.

Marketing

Marketing of the convention center will begin during the summer in 1987. Parameters and strategies for a comprehensive national marketing program are currently being developed by the District and its consultants. As noted above, the marketing effort will be funded from the Multnomah County hotel/motel tax.

THE OFFICIAL STATEMENT

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OFFICIAL STATEMENT
OF THE
METROPOLITAN SERVICE DISTRICT
RELATED TO
$65,000,000
GENERAL OBLIGATION CONVENTION CENTER BONDS
SERIES 1987

The purpose of this Official Statement is to set forth certain information concerning the Metropolitan Service District (the "District" or "Metro") and the Series 1987 Metropolitan Service District General Obligation Convention Center Bonds (the "Bonds"), dated July 1, 1987, to be issued in accordance with the official Notice of Sale of the District. Reference is made to the Notice of Sale for the terms and conditions of sale and delivery of the Bonds to the original purchasers of the Bonds.

Description of the Bonds

The Bonds are general obligations of the Metropolitan Service District. The District has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

The Bonds will mature on December 1 of the years and in the principal amounts shown on the front cover of this Official Statement and will bear interest from July 1, 1987 (payable on December 1 and June 1 of each year, commencing June 1, 1988) at the rate or rates determined upon their sale. The Bonds will be issued only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds will be payable by check or draft mailed to the person whose name appears as the registered owner thereof on the registration books of the District maintained by the Registrar.

The Bonds may be transferred upon the books of the Registrar by the registered owners thereof, in person or by duly authorized attorney, upon surrender thereof, at the office of the Registrar, accompanied by delivery of a written duly executed instrument of transfer in a form approved by the Registrar and District. The Bonds may be exchanged for Bonds of other authorized denominations of the same aggregate principal amount at the offices of the Registrar. No transfer or exchange of Bonds shall be required after the fifteenth day of the month preceding a bond interest payment date.

Redemption of the Bonds

The District reserves the right to redeem all or any portion of the Bonds maturing after December 1, 1997, in inverse order of maturity and by lot within a maturity on December 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

Notice of any call or redemption will be mailed out not less than thirty and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by law. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

Authorization and Purpose

The Bonds were authorized at the general election held on November 4, 1986, and were approved by a majority of the qualified voters of the District.

The Bonds are being issued to finance the acquisition and construction of a regional convention and trade show center.

All acts and other approvals have been achieved and performed in regular and due time, form, and manner as required by law and regulation in the issuance of the Bonds. Bond Resolution No. 87-767 (the "Resolution"), authorizing the issuance and sale of the Bonds, was adopted by the Metropolitan Service District Council on June 11, 1987.

Payment and Security for the Bonds

The Bonds are valid and binding obligations of the District. The full faith and credit of the District are pledged to the successive holders of each of the Bonds for the punctual payment of such obligations, when due. The District shall levy annually, as provided by law, a direct ad valorem tax upon all the taxable property with the District in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and all other monies reasonably available for the payment of the debt service on the Bonds, to pay the Bonds promptly as they mature; the District covenants with the owners of the Bonds to levy such a tax annually during each year that any of the Bonds are outstanding.

Ratings

The District has no bonds outstanding and currently does not have an outstanding rating by any major national rating service. The District has applied for a rating on this Bond issue with Moody's Investors Service, 99 Church Street, New York, New York; and Standard & Poor's Corporation, 25 Broadway, New York, New York. The rating, as of the date of this Preliminary Official Statement, has not yet been assigned.

Tax Exemption

Interest on the Bonds, in the opinion of bond counsel, is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certain minimum taxes) and from personal income taxation by the State of Oregon under present state law.

The District has covenanted for the benefit of the owners of the Bonds not to take or omit any action which would cause Bond interest to be subject to federal income taxation (except for alternative minimum taxes on the book income of corporations). The District has covenanted to comply with the Internal Revenue Code of 1986 (the "Code"), unless the District obtains an opinion of nationally recognized Bond counsel that such compliance is not required in order for the interest paid on the Bonds to be exempt from gross income for federal income tax purposes (except for alternative minimum taxation on the book income of corporations) and from personal income taxation by the State of Oregon under present state law. The Bonds are not "private activity bonds" under the Code.

Notice of Sale

The following document is the "Official Notice of Sale," published as required by state law. The competitive sale of the bonds is governed by this document.

OFFICIAL NOTICE OF BOND SALE

$65,000,000
METROPOLITAN SERVICE DISTRICT
WITHIN THE COUNTIES OF CLACKAMAS, MULTNOMAH AND WASHINGTON
STATE OF OREGON
GENERAL OBLIGATION CONVENTION CENTER BONDS, SERIES 1987

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the Metropolitan Service District, within the Counties of Clackamas, Multnomah and Washington, Oregon (the "District"), for the purchase of its General Obligation Convention Center Bonds, Series 1987 (the "Bonds") until 10:00 o'clock a.m. (Pacific Time) on Thursday, July 9, 1987, at the offices of Lindsay, Hart, Neil & Weigler, Suite 1800, 222 S.W. Columbia Street, Portland, Oregon 97201, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the Council of the District within four hours.

ISSUE: The issue shall be in the aggregate amount of SIXTY-FIVE MILLION DOLLARS ($65,000,000) consisting of registered Bonds in denominations of FIVE THOUSAND DOLLARS ($5,000) or integral multiples thereof, all dated July 1, 1987.

INTEREST RATE: The maximum interest rate shall not exceed a net effective rate of ten percent (10%) per annum. Interest is payable semiannually on December 1 and June 1 of each year until maturity or prior redemption, commencing June 1, 1988. Bidders must specify the interest rate or rates which the Bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of one-one hundredth (.01%) of one percent; (2) no Bond shall bear more than one rate of interest; (3) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) all Bonds maturing at any one time shall bear the same rate of interest; and (5) no rate of interest may exceed fourteen percent (14%).

MATURITIES: The Bonds shall mature serially on the first day of December of each year as follows:

Year	Amount	Year	Amount
1988	$ 990,000	2000	$2,195,000
1989	$1,045,000	2001	$2,370,000
1990	$1,110,000	2002	$2,560,000
1991	$1,175,000	2003	$2,770,000
1992	$1,250,000	2004	$2,995,000
1993	$1,335,000	2005	$3,240,000
1994	$1,425,000	2006	$3,510,000
1995	$1,530,000	2007	$3,805,000
1996	$1,640,000	2008	$4,120,000
1997	$1,760,000	2009	$4,465,000
1998	$1,890,000	2010	$4,840,000
1999	$2,040,000	2011	$5,250,000
		2012	$5,690,000

REGISTRATION: The Bonds will be issued in fully registered form, and may be exchanged at the expense of issuer for similar Bonds of different authorized denominations. Bonds may not be converted to bearer form.

OPTIONAL REDEMPTION: The District reserves the right to redeem all or any portion of the Bonds maturing after December 1, 1997, in inverse order of maturity and by lot within a maturity on December 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

Notice of any call or redemption, unless waived, shall be mailed not less than thirty and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by law and the authorizing resolution; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check through the principal corporate trust offices of the co-registrars and paying agents of the District, which are currently the offices of the fiscal agency of the State of Oregon in New York, New York and a bank to be designated by the Council having offices in Portland, Oregon.

PURPOSE: The Bonds are being issued to finance the acquisition and construction of a regional convention and trade show center. The Bonds were authorized at a general election held within the District on November 4, 1986.

SECURITY: The Bonds are general obligations of the District. The District has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

BOND INSURANCE: Application will be made for qualification of the Bonds for debt service insurance. If the Bonds qualify for municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the bidder. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of his contractual obligation arising from the acceptance of his proposal for the purchase of the Bonds.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers, of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the Bonds at the expense of the District.

TAX EXEMPT STATUS: Interest on the Bonds, in the opinion of bond counsel, is exempt from gross income for federal income tax purposes under present federal income tax laws (except for certain minimum taxes) and from personal income taxation by the State of Oregon under present state law.

The District has covenanted to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"). Assuming compliance by the District with the applicable requirements of the Code, interest on the Bonds will continue to be exempt from gross income for federal income tax purposes (except for alternative minimum taxes on corporations) under present federal income tax laws and from personal income taxation by the State of Oregon under present state law. The Bonds are not "private activity bonds" under the Code.

BEST BID: The Bonds will be awarded to the responsible bidder whose proposal will result in the lowest true interest cost to the District. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service to July 1, 1987 and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and true interest cost that the District will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery. The cost of printing the Bonds will be paid by the District.

DELIVERY: Delivery of the Bonds will be made within thirty days from the date bids are opened without cost to the successful bidder at such City as the successful bidder shall name. Payment for the Bonds must be made in immediately available funds.

FORM OF BID: All bids must be for not less than all the Bonds hereby offered for sale, and for not less than one hundred percent (100%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as

herein specified must be enclosed in a sealed envelope addressed to the District and designated "Proposal for Bonds."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon for Five Hundred Thousand Dollars ($500,000) payable to the order of the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the District as liquidated damages in case the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the Bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the District promptly.

REOFFERING PRICE: The successful bidder must certify the initial reoffering price for each maturity of the bonds to the District's financial advisor not less than three business days prior to closing. This certification shall constitute the agreement of the bidder to offer all bonds in each maturity for sale at a price no greater than the certified reoffering price until at least ten percent of the principal amount of each maturity is sold at a price less than or equal to the certified reoffering price. Failure to honor this agreement may result in cancellation of the sale and forfeiture of the bidder's good faith deposit.

RIGHT OF REJECTION: The District reserves the right to reject any or all bids, and to waive any irregularities.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the Bonds, a copy of which will be furnished upon request to its financial consultant, Government Finance Associates, Inc., 1300 S.W. 5th Avenue, Suite 2929, Portland, Oregon 97201, telephone: (503) 222-1405.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the District's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said Bonds, the District will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

FURTHER INFORMATION: Additional information regarding the District and this sale may be obtained from Tuck Wilson, Project Manager, Metropolitan Service District, 2000 S.W. First Avenue, Portland, Oregon 97201, telephone (503) 221-1646.

A. Marie Nelson, Clerk
Metropolitan Service District
Within the Counties of Clackamas,
Multnomah and Washington, Oregon

METROPOLITAN SERVICE DISTRICT

INTRODUCTION

The Metropolitan Service District (Metro) is a directly elected regional government serving the Portland metropolitan area. Metro was created by the Oregon Legislature and approved by the voters in 1978. Two regional organizations, Metropolitan Service District and the Columbia Region Association of Governments (CRAG), were merged to form Metro. Metro began functioning January 1, 1979.

Metro serves the urbanized areas of Clackamas, Multnomah and Washington counties. Nearly one million people from 24 cities and unincorporated areas throughout the three counties reside within its boundary.

Metro is governed by Oregon Revised Statutes, chapter 268, which sets forth the services Metro is authorized to provide and its powers. Metro is currently responsible for operating the Washington Park Zoo, managing solid waste disposal, providing transportation planning, administering the Urban Growth Boundary, and providing local governments with technical and data services. Following a one-and-a-half year effort involving several government jurisdictions and business and community leaders, Metro was selected as the governing body for future convention, trade and spectator facilities in the region.

Although not provided at this time, ORS chapter 268 also authorizes Metro to provide regional aspects of sewerage, public transportation, water supply, human services, parks and recreation, cultural facilities, libraries, correctional facilities and correctional programs.

Metro's major sources of funding are enterprise revenues (solid waste fees, zoo admission fees and concession revenue), a property tax levy for the zoo, federal grants and loans, and a dues assessment on local governments in the Metro region.

ORGANIZATION AND STAFFING

Metro is the nation's first directly elected regional government. It is governed by a 12-member Council elected from subdistricts of equal population and an executive officer elected regionwide. The term for councilors and executive officer is four years.

The Council is responsible for policy decisions. The councilors serve without pay and meet on the second and fourth Thursdays of each month to conduct their regular business. The Council annually selects a presiding and a deputy presiding officer from among its members.

The executive officer is an elected, full-time salaried position and is responsible for the administration of Metro. This includes hiring and firing over 350 employees, organized in seven departments at four separate locations.

Organizational Structure

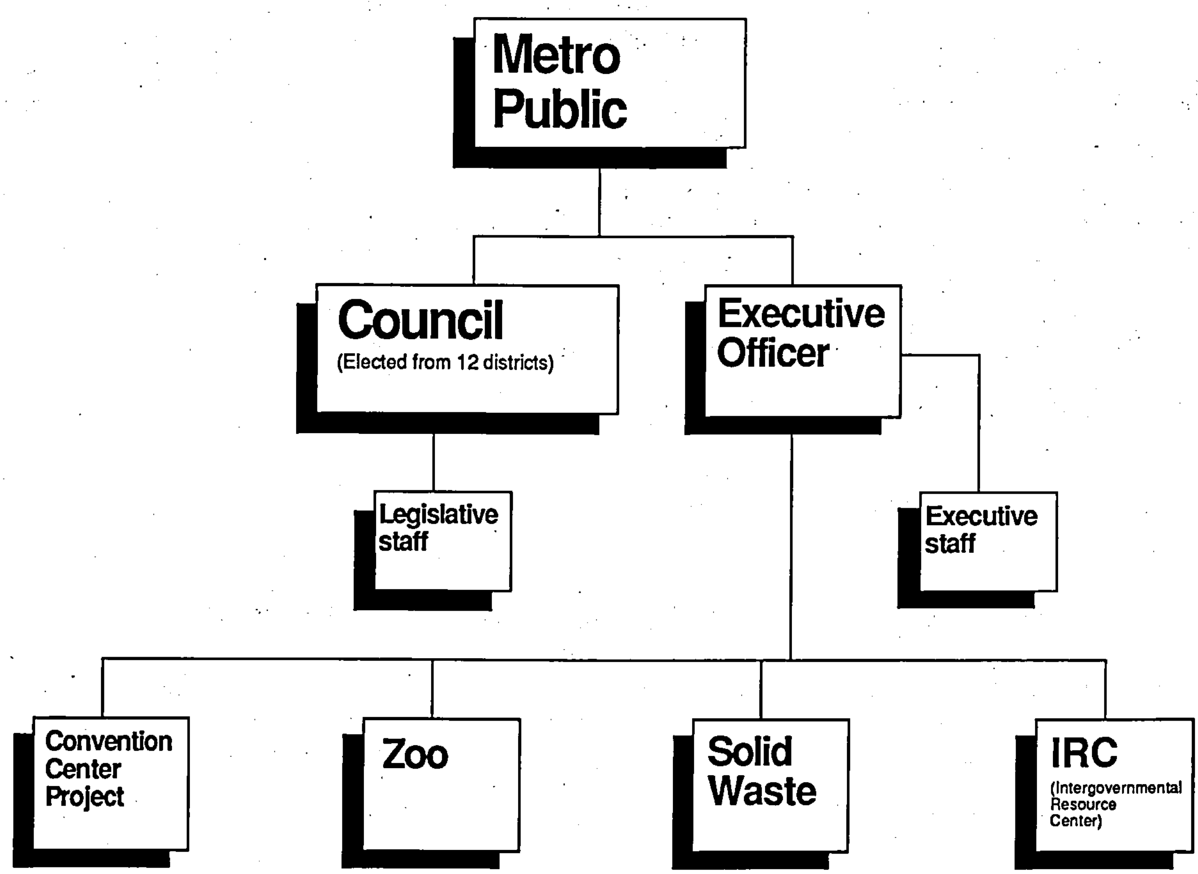


TABLE 1
METROPOLITAN SERVICE DISTRICT
COUNCIL MEMBERS AND OTHER OFFICIALS OF THE DISTRICT

Elected Officials	Occupation	Service Began	Current Term Expires
Rena M. Cusma, Executive Officer	Metro Executive Officer	1987	1/91
Council Members			
Richard C. Waker, Presiding Officer	Owner of Consulting Engineering Firm	1983	1/89
Jim Gardner, Deputy Presiding Officer	Vocational Rehabilitation Specialist	1984	1/89
Mike Ragsdale, Councilor	Marketing Consultant	1986	1/91
Corky Kirkpatrick, Councilor	Community College Administrator	1978	1/89
Tom DeJardin, Councilor	Restaurant Co-owner	1984	1/89
George Van Bergen, Councilor	Lawyer	1982	1/91
Sharron Kelley, Councilor	Office Manager	1982	1/91
Michael Bonner, Councilor	Legislative Assistant	1987	1/91
Tanya Collier, Councilor	Labor Relations Representative	1986	1/89
Larry Cooper, Councilor	Chief Executive Officer	1984	1/89
Gary Hansen, Councilor	Plumbing Contractor	1982	1/91
David Knowles, Councilor	Lawyer	1987	1/91

Appointed Officials

Deputy Executive Officer: Richard D. Engstrom
Director, Finance and Administration: Raymond A. Phelps, Jr.
Director, Solid Waste Department: Richard Owings
Acting Director, Intergovernmental Resource Center: Marc F. Madden
Director, Washington Park Zoo: Gene E. Leo, Jr.
Director, Convention Center Project: Lyndon A.S. (Tuck) Wilson, Jr.
General Counsel: Vacant
Director, Management Services: Jennifer A. Sims
Accounting Manager: Donald R. Cox, Jr.
Council Administrator: Donald E. Carlson
Clerk of the Council: A. Marie Nelson

Source: Metropolitan Service District.

KEY PERSONNEL FOR OREGON CONVENTION CENTER PROJECT

Rena M. Cusma, Metro Executive Officer, took office in January 1987, after being elected to the position in the 1986 general election. In her previous position she was managing partner of a construction company. She has served in many government staff positions, including staff director of the U.S. House Subcommittee on Higher Education. She was executive assistant to Multnomah County Executive Don Clark, and was director of the Multnomah County Department of Environmental Services. Ms. Cusma holds a bachelor's degree in English from Portland State University.

Raymond A. Phelps, Jr., Director of Finance and Administration, was assistant to the Oregon Secretary of State before coming to Metro early in 1987. He was in charge of elections, public records, uniform commercial code and other administrative duties. Prior to moving to Oregon, Mr. Phelps was director of elections for St. Louis County, Missouri. He also conducted systems and methods audits for corporations. Mr. Phelps holds a bachelor's degree from St. Louis University and has completed work toward a master's degree in business administration.

Lyndon A. S. (Tuck) Wilson, Director of Convention Center Project, was appointed in June 1986. He coordinates the financing, siting, construction, marketing and planning for the eventual operation of the convention center. Prior to joining Metro, he practiced law for 11 years. From 1978 to 1981 Mr. Wilson served as Director of Multnomah County Justice Services Department. He has also held posts as Deputy State Treasurer and Assistant Secretary of State for the state of Oregon. Mr. Wilson is a graduate of Lewis and Clark College and Northwestern School of Law.

Jennifer A. Sims, Director of Management Services, has held this position since July 1981. Previous to that, she served Metro for eight years in a variety of positions: Research and Policy Development Officer, Local Government Liaison and Planner. Ms. Sims holds a bachelor's degree from Portland State University and is a candidate for a master's degree in public administration at Lewis and Clark College.

Donald R. Cox, Jr., Manager of Accounting, was appointed to his present post in August 1985. He previously served Metro as Senior Accountant for three years. Mr. Cox is a certified public accountant and holds a bachelor's degree in business administration and accounting, as well as a master's degree in business administration from Portland State University.

KEY METRO COUNCILORS FOR OREGON CONVENTION CENTER PROJECT

Richard C. Waker, Presiding Officer, is president and principal engineer of Waker Associates, Inc., which provides land planning, engineering, surveying and construction management services. He received a bachelor's degree in civil engineering at Drexel University and is a member of several professional engineering societies. At Metro, Mr. Waker chairs the Joint Policy Advisory Committee on Transportation (JPACT). He also serves on the Convention Center and Legislative committees and the Advisory Committee on Design and Construction of the Oregon Convention Center.

Jim Gardner, Deputy Presiding Officer, is a vocational rehabilitation specialist with the Veterans' Administration. He attended Randolph-Macon College in Virginia and received a bachelor's degree from the University of Florida. He attended law school at the University of Florida. In Portland, he chaired the Corbett/Terwilliger/Lair Hill Neighborhood Association and was treasurer of Southwest Neighborhoods Incorporated. He has served on the city of Portland's Community Development Advisory Committee. At Metro, Mr. Gardner chairs the Council Management and Solid Waste committees. He also serves on the Legislative Committee.

Mike Ragsdale, District 1 Councilor, attended the University of Oregon. He was elected to the Oregon House of Representatives in 1972 and was appointed to the state Senate in 1979. He is currently vice president and senior marketing consultant for Grubb & Ellis, a national commercial real estate company. He is a founding member and vice president of the Sunset Corridor Association. Mr. Ragsdale is also a founding member and serves on the board of the Tualatin Valley Economic Development Corporation. He chairs Metro's Convention Center Committee. Mr. Ragsdale is a member of the Legislative Committee and an alternate on the Intergovernmental Resource Committee.

STAFF

Metro's total permanent staff numbers approximately 200. During the summer months Metro employs up to 150 temporary staff at the Washington Park Zoo to accommodate the increase in visitors. The bulk of the temporary staff at the Zoo are in the Service/Food workers job category.

By job category Metro has approximately 28 Official/Administrators, 62 Professionals, 66 Administrative Support, 127 Service/Food workers, and 68 Gardener/Animal Keeper/Support Services employees. There are 104 different job classifications.

International Laborers' Union Local No. 483 represents 68 of the 100 permanent employees that work at the Zoo. Most of these employees are in the Gardener/Animal Keeper/Support Services job category. The contract with the union expires June 30, 1987; negotiations are in progress. Metro has never had an employee work stoppage. The remaining employees at the Zoo are non-represented, as are the employees that work at the downtown location, the landfill and the transfer center. Non-represented employees have formed an informal Employees' Association for the purpose of working with management on personnel issues and enhancing communications with management. Of the approximately 100 other employees, the Intergovernmental Resource Center has 24 regular employees, Solid Waste employs 36, Central Services, 40, and the Convention Center Project, 5.

GOVERNMENTAL SERVICES AND FACILITIES

The Metropolitan Service District provides services of a regional nature, including operation of the zoo, management of solid waste disposal, transportation planning, and data and technical services to local governments.

Washington Park Zoo

Metro owns and operates the 64-acre Washington Park Zoo. The zoo provides many animal exhibits as well as classes, concerts, gardens and train rides. Since 1979, many new and remodeled exhibits have been completed, including the Cascades Stream and Pond Exhibit, the Alaska Tundra Exhibit, the Penguinarium and the recently opened Polar and Sun Bear exhibit. A new Elephant Museum, which opened in December 1986, was funded in part by the annual zoo levy and in part by private donations. A recent grant award described Metro's zoo as having undergone a renaissance. Bids have recently been let to construct the first phase of a new Africa exhibit.

Solid Waste Disposal

Metro controls the flow of solid waste in the region, and manages the disposal of nearly one million tons of waste per year. Metro operates the St. Johns Landfill in North Portland under contract with the City of Portland, and constructed and operates the first transfer center in the region (Clackamas Transfer & Recycling Center in Oregon City). Other transfer centers are planned and Metro is in the preliminary stages of constructing such a facility in Washington County. Metro is undertaking a major waste reduction program, which includes the promotion of reduction, reuse and recycling of waste. As part of this program, alternative technology for the processing of waste is being evaluated, which may lead to development of one or more energy recovery facilities. Metro operates the Recycling Information Center which provides recycling information to residents and businesses. The State of Oregon Department of Environmental Quality has sited a regional landfill which Metro will build and operate.

Intergovernmental Resource Center

The Intergovernmental Resource Center (IRC) coordinates special services to local governments in the region, including transportation planning, regional data research and analysis, technical services to local governments, and administering the Urban Growth Boundary. Metro is the state designated agency for review of projects receiving federal funds (Intergovernmental Project Review). Metro is, as designated by the Governor, the Metropolitan Planning Organization (MPO) to receive, approve and disburse federal transportation funds within the metropolitan region.

The Regional Adult Corrections Task Force studies correction issues and sets local priorities for a criminal justice federal grant program. Through administration of the Urban Growth Boundary, Metro defines land to be used for urban development in the next 20 years. With a regional computerized database, the IRC provides demographic data and analysis to private and public sectors. Other special services include federal grants review, and training workshops for local government employees.

Convention Center

On May 12, 1986, the Committee on Regional Convention, Trade, and Spectator Facilities (CTS), composed of many business leaders and leading public officials from throughout the metropolitan area, adopted recommendations addressing the need for convention, trade and spectator facilities in the region and actions to implement those recommendations. The recommendations were adopted by the Portland City Council on May 28 and the Metro Council on May 29, 1986, in the form of a Master Plan. The Metropolitan Service District accepted the recommendation to serve as the lead agency in developing these facilities. The Oregon Convention Center, to be financed in part by this bond issue, is the priority facility identified in the Master Plan. The Plan also establishes Metro's intent to form a regional commission to operate the Convention Center, and eventually other regional facilities now managed by the City of Portland and Multnomah County. (For further information regarding the Convention Center, see the Project Section.)

TABLE 2
METROPOLITAN SERVICE DISTRICT
FACILITIES

Acquired	Facility	Cost (as of 6/30/86)
1974	Penguinarium (major improvements completed 11/83)	$ 857,250
1976	Land (Washington Park Zoo)	2,573,449
1977	Bear Grottos	778,839
1978	Elephant Barn/Exhibit	1,043,136
1978	Tiger Terrace Cafe and Gift Shop	455,820
1979	Primate House	2,146,149
1982	Cascade Stream and Pond Exhibit	1,305,327
1983	Alaska Tundra Exhibit	2,622,390
1983	Clackamas Transfer and Recycling Center[1] (CTRC) (including gatehouse)	4,055,821
1983	Improvements at CTRC[1]	211,940
1983	Land (CTRC Site)	1,706,743
1986	Polar and Sun Bear Exhibit	2,252,357
1986	Elephant Museum	243,065
Various	Zoo Railroad Equipment	573,448
		20,825,734
	Other Facilities	11,137,504
		$31,963,238[2]

[1]Before reduction for accumulated depreciation.

[2]Per annual financial report.

Source: Metropolitan Service District (Fixed Asset Ledger).

TABLE 3
METROPOLITAN SERVICE DISTRICT
SUMMARY OF 1987-88 APPROVED BUDGET APPROPRIATIONS

General Fund	$ 3,109,540
Intergovernmental Resource Center Fund	2,069,374
Building Management Fund	613,114
Insurance Fund	883,360
Rehabilitation and Enhancement Fund	1,017,216
Zoo	
Zoo Operating Fund	10,537,520
Zoo Capital Fund	9,888,445
Solid Waste	
Solid Waste Operating Fund	19,707,750
Solid Waste Debt Service Fund	2,141,261
Solid Waste Capital Fund	12,288,749
St. Johns Reserve Fund	1,876,761
St. Johns Final Improvements Fund	2,300,000
Convention Center	
Convention Center Project Management Fund	2,610,000
Convention Center Project Debt Fund	2,680,000
Convention Center Project Capital Fund	74,888,634
Convention, Trade, and Spectator Facilities Fund	59,812
TOTAL DISTRICT APPROPRIATION	$146,671,536

Source: Metropolitan Service District.

THE PROJECT

BACKGROUND

The Oregon Convention Center is an outgrowth of the Committee on Regional Convention, Trade and Spectator Facilities (CTS), which was formed in January 1985 and consists of members from the private and public sectors, representing Clackamas, Multnomah and Washington counties; the City of Portland; the Port of Portland; the State of Oregon and the Metropolitan Service District. The membership included the Mayor of Portland, the Executive Director of the Port of Portland, the chairman of each county commission, presidents of five major corporations, and several laypersons. Subcommittees included numerous representatives from public and private groups.

CTS drafted the Master Plan for Regional Convention, Trade and Spectator Facilities, which was adopted by the Metropolitan Service District in May 1986. These recommendations were also endorsed by the City of Portland in May 1986. The plan proposed a convention center, as well as an arena and an Oregon agricultural and natural resources center. Because the convention center is expected to bring immediate economic benefits to the region, CTS identified it as its top priority.

During the creation of the Master Plan, CTS sponsored public meetings in Portland neighborhoods, and in suburban areas within the boundaries of the District: Gresham, Oregon City and Beaverton, soliciting comments on the plan and on the siting of the convention center. Over one hundred community leaders throughout the region were interviewed as well.

On May 12, 1986, CTS recommended the Holladay/Union Avenue site for the development of the convention center. This action culminated a year of detailed study of various site options. In making the final selection, CTS drew upon the research and analysis conducted by Metro, the City of Portland's Exposition-Recreation Commission (ERC) and Portland Development Commission (PDC) staff, and studies undertaken by consultants to these agencies. The CTS recommendation of the Holladay/Union Avenue site was affirmed by the Portland City Council by Ordinance No. 158553 in May 1986. This represented the land use approval of the site, subject to compliance by Metro with requirements of City Code.

The Holladay/Union Avenue site was selected from the four locations under consideration for a number of reasons. Among them were: it has good access for both local users and out-of-town delegates staying in Portland; the location is near the Memorial Coliseum (for parking and arena use); it was lowest in total development costs; and a large landowner in the area, the Lloyd Corporation, has donated one-third of the needed land. The gift of land, the equivalent of approximately six and one-half city blocks, or about six acres, will be deeded to the public for the project upon the sale of the bonds.

Metro formed a Convention Center Project office in June 1986 and placed a $65 million general obligation bond issue on the general election ballot in November 1986. The campaign for the bond issue raised over $300,000 and involved community leaders and local citizens. The Campaign Committee sponsored 138 speaking engagements, and received widespread endorsement by media and service organizations. Voters in all three counties approved the bond issue. District-wide, 53 percent of the votes were in favor of the measure.

PROJECT GOALS AND OBJECTIVES

The CTS studies resulted in identification of the following Project Goals and Market Objectives:

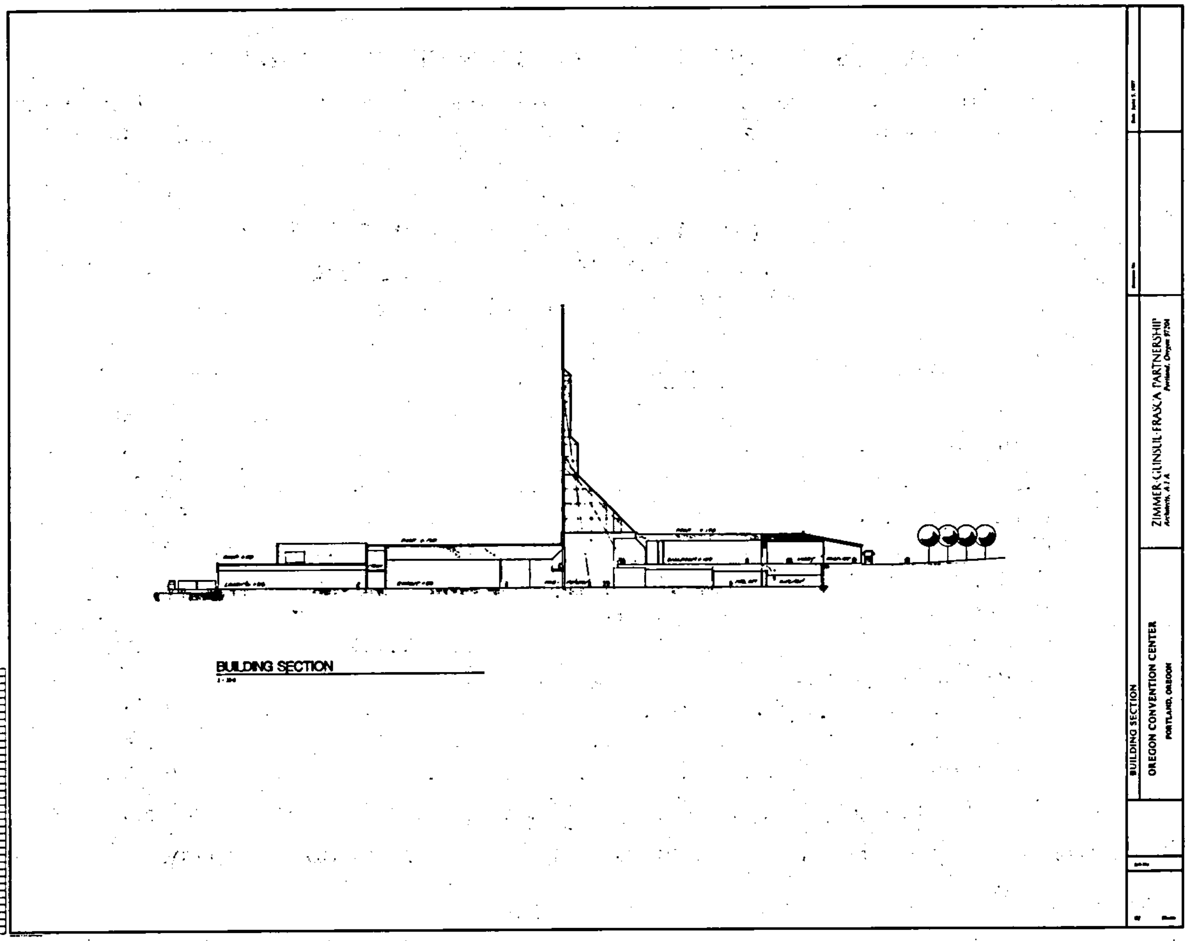
Project Goals

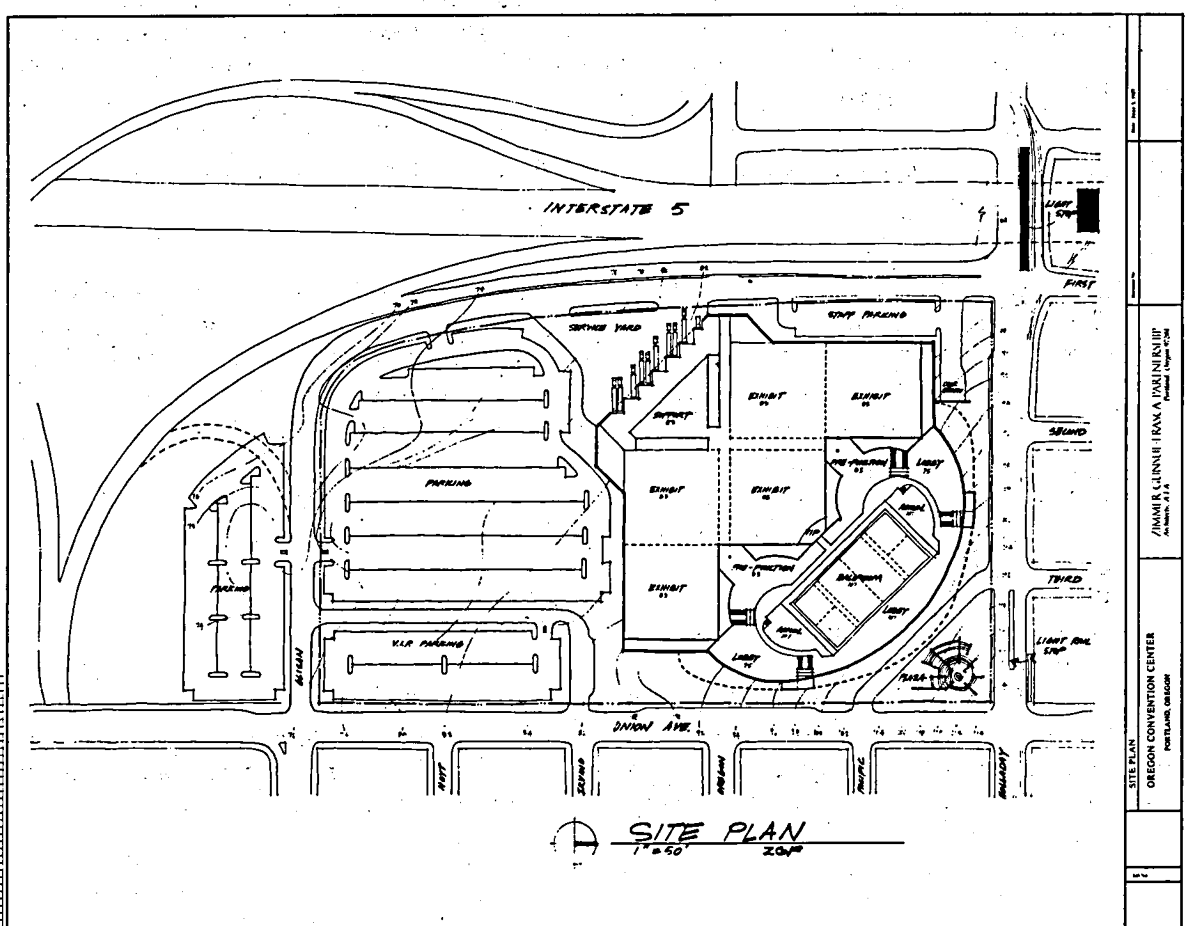
- Maximize direct and indirect economic and quality of life benefits to the community.
- Strengthen the economic development image of metropolitan Portland and Oregon.

Market Objectives

The priority market segments targeted by this facility are mid-sized events, held singly or simultaneously, in the following categories:

- International, national and regional industry trade shows.
- National, regional and local conventions with associated exhibits.
- Regional and local consumer shows, exhibitions and community events.


BUILDING SECTION
BUILDING SECTION
OREGON CONVENTION CENTER
PORTLAND, OREGON
ZIMMER GUNSUL FRASCA PARTNERSHIP
Architects, A.I.A.
Portland, Oregon 97204


INTERSTATE 5
LIGHT RAIL STOP
FIRST
SECOND
THIRD
SERVICE YARD
STAFF PARKING
EXHIBIT
SUPPORT
PRE-FUNCTION
LOBBY
BALLROOM
PARKING
V.I.P. PARKING
PLAZA
UNION AVE.
HOYT
IRVING
OREGON
PACIFIC
HOLLADAY
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1"=50'
SITE PLAN
OREGON CONVENTION CENTER
PORTLAND, OREGON
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Architects, A.I.A.
Portland, Oregon 97204

DESCRIPTION OF THE CONVENTION CENTER BUILDING

The proposed convention center building is estimated to total 469,600 square feet in size. A breakdown of the floor area among the various building uses is shown in the following table.

TABLE 4
METROPOLITAN SERVICE DISTRICT
OREGON CONVENTION CENTER
ESTIMATED FLOOR SPACE

Type of Use	Area (Square Feet)
Exhibition Hall	152,600
Ballroom	25,600
Total Exhibit Space	188,200
Lobbies	51,900
Meeting rooms	30,900
Pre-function and Internal Circulation	41,100
VIP Lounge	930
Food Service	10,100
Administrative Offices	7,100
Service corridors	22,870
Storage/Mechanical	120,200
Restrooms	6,300
Total Floor Area	469,600

Source: Zimmer Gunsul Frasca Partnership/DMJM, Turner Construction Company.

Entrances/Lobbies

Two separate and distinct main entrances with related lobbies will be provided. Each lobby will be approximately 11,700 square feet, one located on N.E. Union Avenue and one on Holladay Street. These lobbies will provide separate entrances for simultaneous use of the facility by two events. A third lobby/entrance is planned for access to the ballroom. Lobby support areas will include space for registration, storage, telephones and vending machines, ticket sales and coat storage.

Space will be reserved for an Oregon Visitor Information Center and related displays in one of the main lobbies.

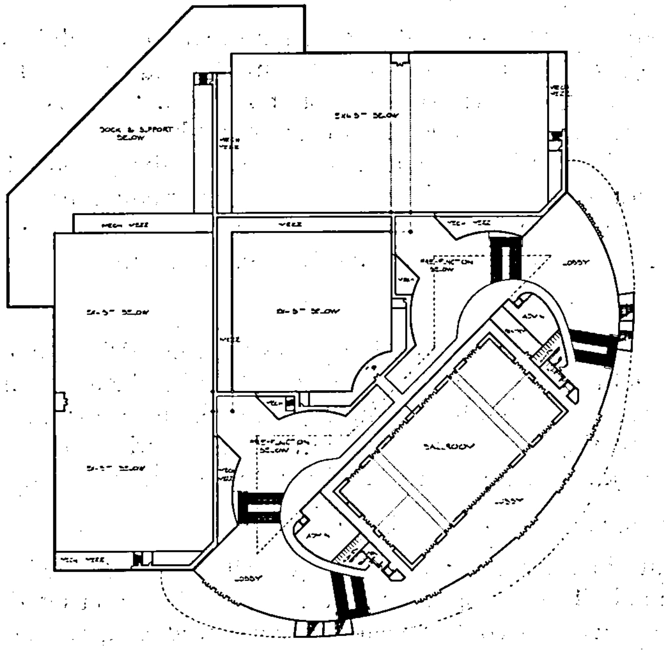
Exhibition Hall

The convention center will include 152,600 square feet of exhibition area, which can be subdivided into halls of multiples of 30,000 square feet. These blocks of space will be separated as needed by fully-motorized, movable, self-aligning, sound-insulating partitions. The facility will allow at least two simultaneous events in a variety of hall size configurations.

When the exhibition halls are subdivided, each of the halls will be self-sufficient with regard to:

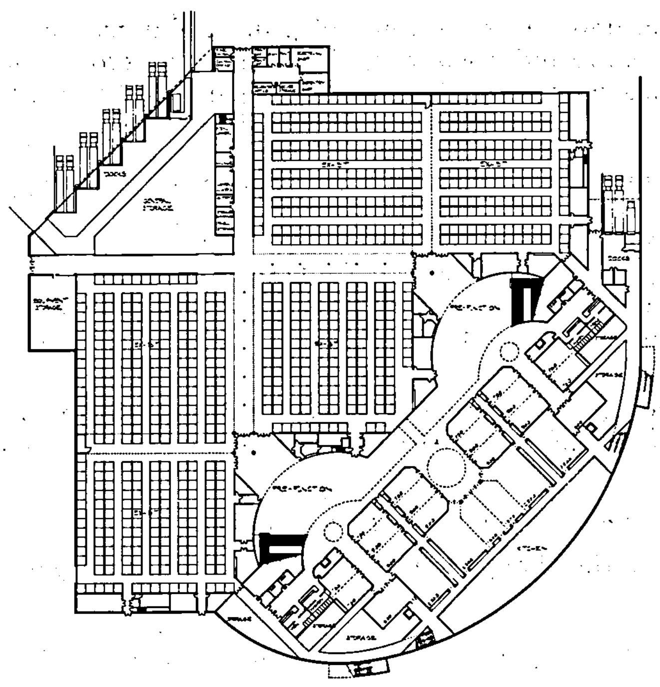
- Internal environmental control.
- Pedestrian access and egress from lobbies.
- Truck access from loading dock area and grade level.
- Concessions and public telephones.
- Restrooms.
- Overview from show manager's office.
- Access to crate storage.
- Access from kitchens by service corridors (not public areas).

Exhibit support and storage areas will include space for movable partitions, storage, lobby/reception/registration areas, concessions, projection booths, phones, restrooms, storage, box office, exhibition management offices, first aid room and dressing rooms.



PLAN – UPPER LEVEL

PLAN - UPPER LEVEL
OREGON CONVENTION CENTER
PORTLAND, OREGON
ZIMMER-GUNSUL-FRASCA PARTNERSHIP



PLAN – MAIN LEVEL

PLAN - MAIN LEVEL
OREGON CONVENTION CENTER
PORTLAND, OREGON
ZIMMER-GUNSUL-FRASCA PARTNERSHIP

Ballroom

The 25,600-square-foot ballroom will serve dual functions — subdivided into six areas as additional meeting room space, or as a formal ballroom or banquet hall. It will also serve as a small exhibit hall. Because this space will be used for more formal occasions (banquets, large meetings and smaller plenary sessions), the finish in this area will be of a higher quality than in the exhibition halls. Ceiling height will be lower than in the exhibit halls and will include acoustical treatment and special lighting. Many of the electrical requirements found in the exhibit halls will be provided in the floor and ceiling. Removable carpet or hardwood floor covering will be provided. The support space includes storage areas and projection booth.

Meeting Rooms

The facility will include 20 to 25 meeting rooms totaling 30,900 square feet, directly adjacent to the ballroom. The quality of the meeting rooms will be a key factor in the marketing of the facility. They will be located to operate both with the exhibition halls, or independently, with their own pre-function space. The meeting rooms will feature movable, sound-insulated partitions, allowing rooms of various sizes to be joined together as necessary to meet user needs.

Pre-Function and Internal Circulation Space

The 41,100-square-foot pre-function space may include a skylighted "galleria" or concourse connecting the exhibition halls, meeting rooms and lounges. These areas will be among the most attractive spaces in the Center and could become revenue-producing spaces for major receptions and unique exhibits.

Food Service

The central kitchen and commissary will have full food service preparation capabilities for a range of activities from sit-down functions for up to 6,000 people, to a mixture of meetings and assemblies. Banquets in the exhibition hall area will be served by portable equipment. A concession stand will be located in each section of the exhibition hall, with most supplies provided by the central kitchen. The kitchen will use 10,000 square feet of space.

Administrative and Miscellaneous Offices

Offices for administrative personnel, including the facility manager, catering, marketing and operating personnel, will require 5,100 square feet. Other offices for serving building security, first aid and audio and announcement capabilities will require 2,000 square feet.

VIP Lounge

A suite of rooms totaling 930 square feet will be provided for a variety of hospitality functions.

Service/Maintenance/Mechanical/Storage

The general support areas will cover 120,200 square feet of space. Employee facilities will include locker and dressing rooms, and an employee lounge/lunch area. Maintenance shops and control offices will provide space for miscellaneous repair and fabrication of equipment and furnishings.

Eleven truck loading docks will be located adjacent to a storage area on the exhibition hall level, to load and unload exhibits. Trucks will be able to drive directly onto the floor of each exhibition hall subdivision.

Mechanical, Electrical and Fire Protection Equipment Control Rooms

Mechanical, engineering, fire protection, building systems management and security will also be provided.

SITE IMPROVEMENTS

Proposed site improvements include the following:

- Exterior courtyards, gardens and landscaped terraces for both general public and delegate use.
- Pedestrian circulation through the site.
- VIP automobile parking for a minimum of 500 cars.
- General parking for 700 cars.
- A covered automobile portico entrance at lobby arrival points.
- Area for parked shuttle buses near each lobby.
- Light-rail transit station connecting the Convention Center to the downtown area to the west, and Lloyd Center and other destinations to the east.
- On-site truck access and egress drives.
- General site landscaping, water elements, and exterior lighting.

MARKETING PLANS

In 1985 the Greater Portland Convention and Visitors Association (GPCVA) submitted to CTS a study of the market for a convention center in the Portland area. According to that study, a survey showed 52,700,000 delegates spending $20.5 billion on meetings, conventions and trade shows in the United States in 1984. GPCVA estimated that Portland's share of the market was 0.43 percent of all delegates and 0.35 percent of all expenditures. It also concluded that the development of a new convention center would "appreciably (improve Portland's) ability to accommodate a greater share of regional and national convention/trade show business."

As part of the study, the following convention centers in western cities were identified and analyzed.

Location of Convention Center	Square Feet of Exhibition Space
Anaheim, CA	345,000
Las Vegas, NV	1,125,000
Los Angeles, CA	340,000
Phoenix, AZ	220,000
Portland, OR (Memorial Coliseum)	100,800
Reno, NV	160,000
San Diego, CA	250,000
Seattle, WA	140,000
San Francisco, CA	260,000
Vancouver, BC	115,000

The Oregon Convention Center, with 150,000 square feet of exhibition space, will be marketed to mid-size conventions and trade shows.

Preliminary Marketing Efforts

Since November 1986 GPCVA has worked with Metro on preliminary marketing of the Convention Center. As regular marketing calls are made, GPCVA determines when each potential client organization will next consider scheduling a conference on the West Coast, thus developing a list of potential clients for the Convention Center.

On June 10, 1987, GPCVA announced that the General Council of the Assemblies of God had chosen Portland and the Oregon Convention Center for its 1991 convention. This 15,000 delegate convention is the first to commit to use the center.

Metro has contracted with Laventhol and Horwath, CPAs, to design the parameters and strategies for a comprehensive nationwide marketing program to begin in summer 1987. On the basis of this study, Metro will negotiate a contract for marketing services. The marketing effort is expected to be funded at a level of approximately $1 million per year, from the Multnomah County hotel/motel tax.

PROJECT COSTS AND DEVELOPMENT SCHEDULE

Development costs for the proposed Oregon Convention Center, as shown in the following table, are estimated to total $85,000,000. This cost estimate includes both direct and indirect construction costs, real estate acquisition costs, public utilities, and overall project contingency.

TABLE 5
METROPOLITAN SERVICE DISTRICT
OREGON CONVENTION CENTER
ESTIMATED PROJECT COST

Description	Amount
Direct construction cost	$49,685,500
Indirect costs:	
Design fees	4,000,000
Furniture/Fixtures/Equip.	4,400,000
Project management	3,891,000
Design Contingency	2,500,000
Construction management	2,309,000
Testing/Printing/Misc.	664,500
Construction contingency	1,500,000
Public art	475,000
Subtotal, Indirect Costs	19,739,500
Real estate costs	13,225,000
Public Utilities	250,000
Streets/Traffic	2,100,000
Total Project Cost	$85,000,000

Sources: Zimmer Gunsul Frasca Partnership; Turner Construction Company.

Project development tasks leading to construction are shown in the following table. Preconstruction tasks include architectural and engineering design, property acquisition, demolition, utility relocation, construction bid advertisement, and securing needed building permits. Construction is expected to start by July 1988 and to last approximately two years. The facility opening is planned for September 1990.

TABLE 6
METROPOLITAN SERVICE DISTRICT
OREGON CONVENTION CENTER
PRELIMINARY DEVELOPMENT SCHEDULE

Start-Finish Dates	Duration	Activities
07/01/86-09/01/86 (complete)	2 months	Prepare RFP for A/E Services
09/01/86-10/31/86 (complete)	2 months	Advertise/Interview A/E
11/01/86-12/31/86 (complete)	1-2 months	Negotiate A/E Contract
12/01/86-01/01/88	13 months	Property Acquisition
01/01/87-11/01/87	6 months	Preliminary Design Phase
10/26/87-07/01/88	8 months	Construction Contract Document Phase
01/01/88-07/01/88	6 months	Demolition, Clearance, Utility Relocation
05/01/88-06/30/88	2 months	Building Permits
07/01/88-09/01/90	26 months	Construction

Source: Zimmer Gunsul Frasca Partnership/DMJM, Turner Construction Company.

PROJECT FINANCING PLAN

Construction of the Oregon Convention Center will be financed from three major sources; in addition to proceeds from the bonds described in this statement, the State of Oregon will grant $15 million of state lottery funds to the project, and $5 million will be provided by assessments within a local improvement district.

State of Oregon Grant

In 1984, voters amended Oregon's constitution, creating a state lottery. Proceeds from this lottery are devoted to economic development projects. Senate Bill 964, which allocates lottery funds in the next biennium (FY 1987-89), denotes that Metro will receive eight quarterly payments beginning in July 1988 and continuing into the following biennium (FY 1989-91), directly from the State Lottery Fund for construction of the project. Payments will be sufficient to provide $15 million for construction of the project. This appropriation is to be passed by the Legislature and signed by the Governor prior to the closing of the bond sale.

Local Improvement District

A local improvement district (LID) has been initiated to include all commercially zoned properties in and adjacent to a boundary approximating the central city boundary established by the Portland Planning Bureau. An LID Steering Committee, representing major landowners within the LID area, asked property owners to join them in signing petitions requesting the Portland City Council to establish the district under provisions of city code. The Portland City Council formed a task force, composed of central area business leaders, to seek support for the LID. Landowners representing over 50 percent of the assessed value in the district, and over 45 percent of the land area of the proposed district have petitioned for formation.

The ordinance that establishes the LID will be approved by the Portland City Council prior to the sale of the Bonds. Pursuant to a contract between Metro and the City, the $5 million in assessments will be made within six months from the date the contract for construction is let (expected in mid-1988).

TABLE 7
METROPOLITAN SERVICE DISTRICT
OREGON CONVENTION CENTER
SOURCES AND USES OF FUNDS

	Amount
SOURCES OF FUNDS	
Proceeds from bonds	$65,000,000
Local Improvement District	5,000,000
State Funds	15,000,000
Total Sources of Funds	$85,000,000
USES OF FUNDS	
Project:	
Construction	$49,685,500
Design	4,000,000
Property Acquisition	13,225,000
Administration, Management, Contingency, Misc.	6,864,500
Art, Equipment	4,875,000
Public Utilities	250,000
Streets/Traffic	2,100,000
Contingencies	4,000,000
Total Uses of Funds	$85,000,000

Source: Metropolitan Service District.

OPERATIONS

The Metro Council will establish a regional commission to operate the Oregon Convention Center, under the governance of the Council. Budgeting and taxing approval authority will remain with the Council, while operating decisions will be delegated to the commission. Nominations to the commission, which is expected to consist of seven members, will involve the governing boards of the three metro-area counties and the City of Portland.

The regional commission will be implemented in stages. In the interim stage, between the passage of the bond issue and the opening of the convention center, a contract with the Portland Exposition-Recreation Commission (which now operates the Civic Stadium and Memorial Coliseum arena complex) will provide event scheduling services and expert advice on design, construction and operations. In the final stage, the regional commission will assume operating responsibility for the Convention Center.

Operations will be funded by enterprise revenue, supplemented by a Multnomah County hotel/motel tax, which is expected to generate approximately $2 million annually. This hotel/motel tax special fund was established in December 1985, when Multnomah County added three percent to the existing six percent hotel/motel tax. Prior to passage of the bond measure, the fund was shared with the Greater Portland Convention and Visitors Association. Upon passage of the bond issue in November 1986, all the proceeds of the special fund were allocated to Metro's Convention Center Project. The special fund will also be the source of funds for marketing the Convention Center to targeted conventions and trade shows.

DEBT INFORMATION

DEBT SUMMARY

As of July 1, 1987 (includes this issue)

Outstanding debt	
Short-term	$ 0
Long-term:	
Gross bonded debt (all debt with a general obligation pledge) (this issue)	$ 65,000,000
Net direct debt (all debt paid in whole or in part from taxes)	$ 65,000,000
Net Overlapping Debt (as of May 31, 1987)	$486,607,482
TOTAL NET DIRECT AND OVERLAPPING DEBT	$551,607,482
Authorized unissued debt	0

Metropolitan Service District population estimate as of July 1, 1986 = 981,158.

Metropolitan Service District 1986-87 assessed value = $33,014,079,988.

DEBT RATIOS

	Per Capita	Percent of TCV/AV
True Cash Value/Assessed Value	$33,648	—
Gross Bonded Debt	$66	0.197%
Net Direct Debt	$66	0.197%
Net Direct and Overlapping Debt	$562	1.670%

DEBT LIMITATIONS

ORS 268.520 limits the District issuance of indebtedness to 10% of the true cash value.

	General Obligation Bonds
True Cash Value, 1986-87	$33,014,079,988
Debt Limitation (10% of TCV)	3,301,407,999
Applicable Bonded Debt (includes this issue)	65,000,000
Debt Margin	3,236,407,999
Percent of limit issued	1.97%

DEBT AUTHORIZATIONS

ORS 268.520 authorizes the District to issue general obligation bonds. A majority vote of the District voters casting ballots is required to authorize the issuance of general purpose general obligation bonds. District voters approved these bonds in an election held November 4, 1986, by a margin of 20,170; 196,360 in favor, 176,190 opposed.

Revenue bonds do not require voter approval; however, a notice must be published and the District must wait 60 days to allow for referral. If 5 percent or more of the registered voters sign petitions for referral, the bonds must be voted upon, otherwise the District may proceed to issue the revenue bonds.

District may also issue refunding bonds and advance refunding bonds without an election; however, the advance refunding bonds must be approved by the State Treasurer.

DEBT MANAGEMENT

The District has not defaulted on any debt obligation.

The District has not used bond proceeds for operational purposes.

FUTURE DEBT PLANS

Metro is considering construction of seven major capital projects which will require financing. These are listed below including an estimate of the total projected debt. In addition, Metro may decide to finance future Zoo capital projects with bonded debt, depending on whether voters approve bond measures for this purpose.

Project	Maximum Projected Debt	Type of Debt
Regional landfill[1]	$50.0-150.0 Million	Governmental Purpose Revenue Bonds
West Transfer & Recycling Center	$ 8.9 Million	Governmental Purpose Revenue Bonds
East Transfer & Recycling Center	$ 8.0 Million	Governmental Purpose Revenue Bonds
Alternative Technology, Solid Waste Disposal Project[2]	$30.0-150.0 Million	Private Activity Revenue Bonds
Zoo Parking Lot	$10.5 Million	To be determined
Aquarium[3]	$20-50 Million	To be determined

[1]Location and amount yet to be determined.

[2]Nature of technology and size of project yet to be determined.

[3]Amount yet to be determined.

PENSION PLANS

Substantially all employees, other than five employees who participate in the State of Oregon Public Employees Retirement System (PERS), are covered under a defined contribution plan whereby Metro contributes 5 percent of the employee's salary and the employee vests in the contributions and earnings growth of the plan at 40 percent after two years of employment and an additional 20 percent per year for the next three years. Additionally, all employees who work 20 or more hours per week are eligible for a defined contribution plan whereby 6 percent of the employee's salary is contributed by Metro and is immediately fully vested. These plans are administered by the Executive Officer of Metro and are included in the Pension Trust Fund.

In addition to the above plans, Metro makes contributions to PERS, a statewide multi-employer defined benefit plan to which Metro and five Metro employees, who have elected to remain in the State retirement system, contribute. Metro's contribution rate was 6.52 percent of employee compensation for the year ended June 30, 1986 and will remain at that rate until the next actuarial valuation is performed. Pension expenditures are recorded as funded. Assuming a 7.5 percent rate of return on investments, the plan's net assets ($267,362) as of December 31, 1982, the latest actuarial valuation, exceeded the actuarially computed present value of vested and nonvested accumulated plan benefits by $128,744 and the total unfunded supplemental value (prior service cost liability) for active employees at that date was $11,460. Separate information as to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits is not available from the actuary.

Metro's pension contributions approximated $464,000 for the year ended June 30, 1986 for all of the above plans.

TABLE 8
METROPOLITAN SERVICE DISTRICT
EMPLOYER CONTRIBUTIONS TO PENSION PLANS

Fiscal Year	Employer Contributions	Percent Change
1981-82	$295,000	—
1982-83	395,000	33.9%
1983-84	378,000	−4.3
1984-85	392,000	3.7
1985-86	464,000	18.4
1982-86 Compound Annual Rate of Change:	11.99%	

Source: Derived from annual financial reports.

TABLE 9
METROPOLITAN SERVICE DISTRICT
OUTSTANDING OBLIGATIONS
As of July 1, 1987

GENERAL OBLIGATION BONDS	Date Issued	Maturity Date	Amount Issued	Amount Outstanding
A. Tax-supported				
Convention Center (this issue)	7/1/87	12/1/12	$65,000,000	$65,000,000
TOTAL TAX SUPPORTED (NET DIRECT) DEBT:				$65,000,000
B. Self-supporting				
NONE				
C. General Obligation Improvement (Bancroft) Bonds				
NONE				
TOTAL GENERAL OBLIGATION BONDS (GROSS BONDED DEBT):				$65,000,000

REVENUE BONDS

NONE

LOANS PAYABLE	Maturity Date	Amount Outstanding
Oregon DEQ #115	10/92	$ 1,140,000
Oregon DEQ #117	10/87	416,000
Oregon DEQ #118	08/02	4,125,000
TOTAL LOANS PAYABLE:		$ 5,681,000

SHORT-TERM DEBT

The District has no short-term debt outstanding.

LEASES AND CONTRACTS

Leases	Date Issued	Final Maturity Date	Original Cost	Outstanding as of 6/30/86	Annual Payment
Printer	11/08/82	10/01/87	$ 7,600	$ 3,058	$ 2,592
Copier	01/18/83	11/30/87	41,701	14,694	9,792
Telephones	07/26/84	07/26/88	56,566	28,130	16,420
Office Furniture	05/08/86	04/15/91	124,383	121,029	30,622
			TOTAL LEASES	$166,911	$59,426

Office Leases

Metro leases office space at 2000 S.W. First Avenue, Portland, Oregon. The term of the lease is eleven years and four months beginning March 1985, with a five-year renewal option at the end of the initial term. Under this lease, Metro is required to pay all utilities and certain other maintenance costs. Metro subleases a significant portion of the office space and as of June 24, 1987, has entered into seven sublease agreements.

The following is a schedule by years of future minimum rental payments required under the operating lease for the office space at 2000 S.W. First Avenue as of June 30, 1986:

Fiscal Year ending June 30	
1987	$ 234,000
1988	234,000
1989	234,000
1990	234,000
1991	234,000
Later years	1,455,000
Total Minimum Payments Required	$2,625,000

Minimum payments presented in the schedule have not been reduced by future minimum sublease rentals totalling approximately $511,000 at June 30, 1986.

Rental expense under a prior lease for the year ended June 30, 1986, amounted to approximately $341,000. In addition, Metro has received approximately $68,000 of sublease rental receipts.

St. Johns Landfill

Metro is leasing the landfill from the City of Portland. The lease term runs through December 31, 1991, or until the operational life of the landfill is completed, whichever is earlier. The lease agreement commits Metro to finance certain post-closure environmental control measures for the expansion area of the landfill. At June 30, 1986, a liability of $1,174,540 has been recorded to cover post-closure costs. Metro is also required to contribute annually to the City of Portland $.40 per ton of solid waste deposited at the landfill, contingent upon the City's adoption of an end use plan for the landfill. If the City adopts the plan by July 1, 1987, Metro will be required to contribute $.40 for each ton of waste deposited the previous year and thereafter. If the plan is adopted subsequent to July 1, 1987, Metro is required to contribute only for those tons deposited after adoption of the plan. This contribution, to be used by the City for implementation of the landfill end use plan, will continue until the landfill has reached capacity and is limited to the amount needed to effectuate the end use plan. The lease agreement also commits Metro to meet waste tonnage targets in order to ensure availability of a disposal site for the region. If the tonnage targets are exceeded, subject to certain allowances, Metro is required to pay to the City of Portland $2.00 per ton for all tons deposited in the landfill.

Additionally, Metro contracts with a private sector company for the maintenance and operation of the landfill (other than the gatehouse which Metro operates). The contract runs through the landfill closure date or September 30, 1992, whichever is earlier. The planned and projected closure date is February 1991.

The approximate annual commitments for maintenance and operations of the St. Johns Landfill, based on forecasted tons of refuse, are:

Fiscal year ending June 30	City of Portland	Operations Contract
1987	$ 288,500	$ 2,973,000
1988	288,500	2,958,000
1989	288,500	2,966,000
1990	288,500	2,973,000
1991	288,500	2,325,000
	$1,442,500	$14,195,000

A portion of the commitment, estimated by management to be $4,113,000, relates to landfill improvements, primarily final ground cover.

Clackamas Transfer & Recycling Center

Metro contracts with a private company for operations of the Clackamas Transfer & Recycling Center. The contract term is four and one-half years from the start of operation in April 1983. When the contract expires in the fall of 1987, it will either be rebid or extended to coincide with the scheduled opening of the Washington Transfer & Recycling Center. The latter approach would allow Metro to bid the operation of both facilities simultaneously and select one operator.

The approximate annual commitments based on forecasted usage relative to the Clackamas Transfer & Recycling Center are:

Fiscal year ending June 30	
1987	$1,807,000
1988	476,000
	$2,283,000

ACCRUED VACATION

Accumulated benefits are payable in cash upon retirement or termination after six months continuous employment. As of May 31, 1987, the total accrued vacation liability was $229,040.

Source: Metropolitan Service District.

TABLE 10
METROPOLITAN SERVICE DISTRICT
OVERLAPPING DEBT

As of May 31, 1987

Overlapping District	1986-87 Assessed Valuation (in $000)	Gross[1] Bonded Debt (in $000)	Net[2] Direct Debt (in $000)	Percent Overlap	OVERLAPPING Gross[1] Bonded Debt (in $000)	OVERLAPPING Net[2] Direct Debt (in $000)
Port of Portland	$36,354,972	$134,935	$134,935	90.62%	$122,284	$122,284
Tri City Service District	1,049,784	23,565	23,200	100.00	23,565	23,200
USA Washington County	7,944,595	24,885	21,290	99.39	24,734	21,161
Washington Co. SD 48	5,020,125	19,510	19,510	99.81	19,473	19,473
City of Portland	13,701,671	190,648	111,875	100.00	190,648	111,875
Wolf Creek Hwy. Water District	2,972,158	15,686	15,566	99.95	15,678	15,558
Washington Co. SD 23	1,768,771	13,580	13,580	99.32	13,488	13,488
City of Beaverton	1,631,892	29,860	13,010	100.00	29,860	13,010
Washington County SD 15	572,625	20,635	20,635	73.91	15,251	15,251
Washington County UH3J	1,829,628	14,605	14,605	81.70	11,932	11,932
Tualatin Hills Park and Recreation District	4,762,949	10,190	10,190	99.97	10,187	10,187
Metzger Water District	770,713	9,621	9,621	100.00	9,621	9,621
City of Tualatin	443,765	13,075	9,190	100.00	13,075	9,190
Mt. Hood Community College	5,698,341	9,225	9,225	86.19	7,951	7,951
Multnomah County SD 7	1,134,292	7,075	7,075	100.00	7,075	7,075
Multnomah County SD 4	1,011,879	6,975	6,975	99.93	6,970	6,970
City of Lake Oswego	1,244,174	15,740	6,865	100.00	15,740	6,865
Multnomah County SD 28	588,739	5,880	5,880	100.00	5,880	5,880
Clackamas County SD 7	1,425,747	5,020	5,020	100.00	5,020	5,020
City of Gresham	1,295,271	9,323	4,135	100.00	9,323	4,135
Clackamas County SD 3J	921,306	4,190	4,190	92.50	3,876	3,876
Washington County RFPD 1	4,126,545	3,635	3,635	99.12	3,603	3,603
Washington County SD 7	1,004,825	3,880	3,880	93.20	3,616	3,616
City of Hillsboro	955,724	4,450	2,750	99.72	4,437	2,742
Port Bonds Only	18,241,998	2,600	2,600	98.89	2,571	2,571
Clackamas County Service District #1 Bonds	4,452	7,030	2,630	100.00	7,030	2,630
City of West Linn	466,368	2,705	2,460	100.00	2,705	2,460
Washington County SD 29	410,496	2,115	2,115	98.44	2,082	2,082
City of Wilsonville	397,159	6,278	1,963	99.86	6,269	1,960
City of Tigard	957,117	5,214	2,735	100.00	5,214	2,735
City of Troutdale	161,688	2,972	2,047	100.00	2,972	2,047
Other Districts[3]		170,656	23,900		159,567	16,175
				TOTAL	761,681	486,607

NOTE: Columns may not foot due to rounding.

There are 99 taxing districts that overlap the District but have no overlapping general obligation debt.

[1]Gross Bonded Debt includes all bonds backed by a general obligation pledge, including Bancroft Act general obligation improvement bonds and self-supporting general obligation bonds.

[2]Net Direct Debt includes all tax-supported bonds. Bancroft Act general obligation improvement bonds and self-supporting bonds are excluded.

[3]Includes 52 districts with less than $1,500,000 each in overlapping net direct debt.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

FUTURE DEBT PLANS OF OVERLAPPING DISTRICTS

The Cities of Portland and Gresham are currently in the process of implementing a state-mandated sewage construction program in mid-Multnomah County. This $362 million (1985 dollars) project will be constructed over an 18-year period, and involves extending the sanitary sewage facilities to an unsewered population of approximately 130,000. Portions of the cost will be funded by revenue bond issues sold by each of the two cities. At this time it is estimated that Portland will sell four issues totalling about $32.3 million. Gresham, having already sold one facilities-related bond issue, may issue about $10 million in revenue bonds for a second plant expansion in 1995. In addition, an estimated $110.8 million of special assessment bonds and $30 million G.O. Bancroft bonds will be sold to finance sewage facilities serving local properties.

Port of Portland plans to sell their annual $3,000,000 G.O. bond issue in early July. This fall the Port plans two sales: approximately $40 million airport revenue bonds and $10 million port revenue bonds. Other sales will occur as needs are identified.

Tri-City Service District plans to sell $500,000 Bancroft bonds within the next quarter.

Unified Sewerage Agency (USA) of Washington County plans to sell approximately $48 million of revenue bonds for plant and facility expansion over the next four years. This includes a $16 million sale planned for late June or early July.

Washington County School District #48 (Beaverton) anticipates a capital construction bond issue in 1988-89 for not less than $10 million. The District issued certificates of participation in the amount of $2.31 million on May 15 for the construction of elementary school additions and the purchase of an elementary school site.

Wolf Creek Highway Water District plans no bond issues for the coming year, but their current CIP will require funding of approximately $5 million from sources other than rates by 1990-91.

Washington County School District #23 (Tigard) plans to sell $9,015,000 GO bonds on July 28.

Tualatin Hills Park and Recreation District has identified capital projects totalling approximately $5 million but funding plans are uncertain at this time.

City of Tualatin plans to issue $5 million in G.O. swim center bonds (City issued, rather than by the Park and Recreation District) in about 3 years. The Tualatin Development Commission, as the City's Urban Renewal Agency, has tentative plans for a $2.5 million bond sale in 1989-90 and plans urban renewal bonds of $9 million for Leveton Tax Increment Urban Renewal District in 1989-90 at the earliest.

Multnomah County School District #7 (Reynolds) anticipates issuing bonds for school construction within the next 5 years. A $5.48 million bond election will be held June 30, 1987.

Washington County School District #7 (Hillsboro) anticipates building an elementary school in 1988 and will seek voter approval for a $6,250,000 bond issue.

Clackamas County Service District #1 plans to issue $1,000,000 Bancroft bonds within the next quarter.

City of West Linn plans to sell $1,200,000 G.O. library bonds on June 24 and also anticipates selling $1.5 million G.O. water bond issue this fall pending voter approval.

City of Wilsonville anticipates issuing $1-2 million Bancroft bonds in the next year. The city also has a $2.25 million bond issue on the June 30, 1987, ballot.

City of Tigard anticipates two Bancroft bond issues this Fall totalling approximately $3.5 million.

City of Troutdale anticipates selling water and sewer capital construction bonds within the next 5 years for sewer treatment plant expansion.

Included in the "Other Districts" category:

Tigard Water District (100% overlap) plans to build 1 or 2 new reservoirs, each costing about $1 million, and also plans to build an office/shop complex costing an additional $1 million. The District hopes to accomplish all of these projects without selling bonds.

Multnomah County (98.89% overlap) has been studying the feasibility of relocating county offices into one or two primary buildings. This could result in a bond issue of about $3 million some time in the next three years.

Clackamas County School District #12 (98.38% overlap) has school construction plans for the next few years (e.g., a $3 million grade school in the next 2-3 years), but does not plan to finance any of the construction with bond issues.

Washington County (92.3% overlap) plans to sell $8-9 million in new G.O. building bonds, pending voter approval in August.

All Others

The 154 other districts which overlap Metro either have no plans for significant bonded debt at this time or do not substantially overlap the district.

TAX INFORMATION

SYNOPSIS OF PROPERTY TAX ADMINISTRATION IN OREGON

The property tax is used by Oregon cities, counties, schools and other special districts to raise revenue to defray the expense of local government. The State of Oregon has not levied property taxes since 1941 and obtains its revenue principally from income and excise taxes.

Property tax administration is governed by the Oregon Constitution and state taxation laws and regulations of the Department of Revenue. The property tax process includes assessment and equalization, levy, and collection of taxes.

Property which is assessed for taxation includes all privately owned real property (land, building and improvements) and personal property (machinery, office furniture, equipment and livestock). There is no property tax on household furnishings, personal belongings, automobiles, crops, orchards, business inventories or intangible property.

A tax base, approved by majority vote at a general election, represents permanent authority for a local government to annually levy a dollar amount which cannot exceed 106 percent of the highest amount levied in the three most recent years in which a levy was made.

Constitutional and statutory limitations on the amount that a governing body may levy are: an authorized tax base levy (within the 106 percent limitation); voter-approved special, serial or continuing levies (outside the 106 percent limitation); and debt levies (not subject to limitation). Proceeds from a debt levy cannot be diverted to another purpose.

Property tax rate freeze legislation, effective January 1, 1984, specifies the maximum net tax rate which may be levied by a taxing unit. This net tax rate freeze established a net tax rate base for taxing units, which may not be exceeded without voter approval, except for certain defined economic conditions.

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. As each year's taxes for all taxing bodies within a county are collected each trimester, the money is placed in an unsegregated pool and each taxing body shares in the pool on the basis of its tax rate regardless of the actual collection experience within each taxing body. Remittances to each taxing unit are a pro rata share of the total tax collections.

Property Tax Limitation Measures

In 1978, 1980, 1984 and again in November 1986 voters rejected 1.5% property tax limitation measures. In January 1987 proponents of similar measures filed a prospective petition with the Oregon Secretary of State to place it on the ballot in the 1988 general election. In order to get this constitutional measure on the ballot, petitioners must collect signatures equal to eight percent of the vote for all candidates for governor at the previous general election, which in this case is 84,770 signatures. The deadline for returning these signatures to the Secretary of State's office is July 8, 1988.

For further discussion of property tax administration, see Appendix C.

TABLE 11
METROPOLITAN SERVICE DISTRICT
CLACKAMAS, MULTNOMAH, AND WASHINGTON COUNTIES[1]
TAX COLLECTION RECORD

	Clackamas County	Multnomah County	Washington County	Total
Fiscal Year 1979-80				
Assessed Valuation	$3,571,340,970	$12,724,814,008	$4,092,936,773	$20,389,091,751
Tax Levy Extended[2]	357,134	1,195,620	500,963	
% Collected Year of Levy ..	89.64%	89.97%	90.47%	
% Collected as of 4/30/87[3,4]	100.0%	99.94%	99.97%	
Tax Rate Per $1.000	0.10	0.10	0.10	
Fiscal Year 1980-81				
Assessed Valuation	4,191,484,340	13,771,331,700	5,818,459,407	23,781,275,447
Tax Levy Extended[2]	377,234	1,179,295	509,504	
% Collected Year of Levy ..	93.29%	95.06%	92.40%	
% Collected as of 4/30/87[3,4]	99.99%	99.94%	99.95%	
Tax Rate Per $1,000	0.09	0.09	0.09	
Fiscal Year 1981-82				
Assessed Valuation	4,735,099,490	14,725,309,646	6,561,942,000	26,022,351,136
Tax Levy Extended[2]	947,020	2,851,994	1,229,735	
% Collected Year of Levy ..	91.04%	93.66%	88.52%	
% Collected as of 4/30/87[3,4]	99.97%	99.92%	99.79%	
Tax Rate Per $1,000	0.20	0.20	0.20	
Fiscal Year 1982-83				
Assessed Valuation	5,099,443,120	15,696,672,784	6,983,713,600	27,779,829,504
Tax Levy Extended[2]	968,894	2,842,937	1,217,909	
% Collected Year of Levy ..	90.08%	92.57%	89.91%	
% Collected as of 4/30/87[3,4]	99.97%	100.00%	99.80%	
Tax Rate Per $1,000	0.19	0.19	0.19	
Fiscal Year 1983-84				
Assessed Valuation	5,495,030,630	17,005,367,435	7,510,679,000	30,011,077,065
Tax Levy Extended[2]	934,155	2,858,190	1,210,198	
% Collected Year of Levy ..	90.22%	92.55%	90.53%	
% Collected as of 4/30/87[3,4]	98.00%	99.16%	98.49%	
Tax Rate Per $1,000	0.17	0.17	0.17	
Fiscal Year 1984-85				
Assessed Valuation	5,732,430,240	17,968,912,765	8,055,198,300	31,756,541,305
Tax Levy Extended[2]	917,189	2,858,911	1,228,670	
% Collected Year of Levy ..	90.09%	94.36%	91.47%	
% Collected as of 4/30/87[3,4]	97.00%	97.76%	97.54%	
Tax Rate Per $1,000	0.16	0.16	0.16	
Fiscal Year 1985-86				
Assessed Valuation	5,799,505,950	18,109,515,673	8,628,604,845	32,537,626,468
Tax Levy Extended[2]	927,921	2,786,458	1,320,960	
% Collected Year of Levy ..	90.60%	92.26%	91.59%	
% Collected as of 4/30/87[3,4]	95.00%	96.36%	95.79%	
Tax Rate Per $1,000	0.16	0.16	0.16	

TABLE 11 (continued)
METROPOLITAN SERVICE DISTRICT
CLACKAMAS, MULTNOMAH, AND WASHINGTON COUNTIES[1]
TAX COLLECTION RECORD

	Clackamas County	Multnomah County	Washington County	Total
Fiscal Year 1986-87				
Assessed Valuation	$5,960,303,230	$18,040,114,774	$8,986,255,933	$32,986,673,937[5]
Tax Levy Extended[2]	953,649	2,744,579	1,356,828	
% Collected Year of Levy[4] .	84.00%	86.33%	85.47%	
% Collected as of 4/30/87[3,4]	84.00%	86.33%	85.47%	
Tax Rate Per $1,000	0.16	0.16	0.16	

[1]Tax collections are pooled and all taxing districts within a County receive the same percentage of their levy; therefore county rates are representative of Metro's collection rate.

[2]The levy used in this table has been adjusted by certain offsets before calculation of the tax rate.

[3]Does not include interest, therefore the percentage cannot exceed 100 percent.

[4]Collections through only ten months of the present fiscal year, does not reflect a full year's collection. The third payment for taxes was due on May 15.

[5]This total differs by 0.083% from the total assessed valuation provided by the Oregon Municipal Debt Advisory Commission on pages 23 and 33.

Source: Clackamas County Assessment and Taxation Office.
Multnomah County Assessment and Taxation Office.
Washington County Assessment and Taxation Office.
Metropolitan Service District.
Multnomah County Tax Supervising and Conservation Commission.

TABLE 12
METROPOLITAN SERVICE DISTRICT
MAJOR TAXPAYERS

Company	Enterprise	1986-87 Estimated Assessed Valuation	Percent of Metro Assessed Valuation[1]
Tektronix	Manufacturer of electronic products	$ 358,025,550	1.08%
Intel Corp.	Manufacturer of electronic products	134,641,120	.41
Fred Meyer	Shopping center	113,403,460	.34
Standard Insurance	Real estate	98,246,400	.30
Koll Business Centers	Business parks	63,716,690	.19
U.S. Bancorp	Banking	61,000,000	.18
Winmar Pacific[2]	Real estate	60,139,938	.18
First Interstate Bank	Banking	49,617,000	.15
Publishers Paper Co.	Manufacturer of wood products and paper	48,718,670	.15
Twelve Hundred Bldg. Assoc.[3]	Office building	46,000,000	.14
United Airlines	Airline	45,636,100	.14
Boeing Corporation	Aircraft manufacture	43,674,400	.13
Wacker-Siltronic Corp.	Manufacturer of semiconductor products	43,515,150	.13
Precision Castparts Corp.	Manufacturer of steel castings	43,216,500	.13
Gilmore Steel Corp.	Manufacturer of iron ore pellets	40,219,280	.12
Clackamas Town Ctr. Assoc.	Shopping center	40,014,180	.12
		$1,289,784,438	3.89%
Utilities			
Pacific NW Bell Telephone Co.		$ 495,257,804	1.50%
Portland General Electric		335,483,776	1.02
General Telephone of the NW		209,890,933	.64
Northwest Natural Gas		165,018,089	.50
Pacific Power & Light		95,997,071	.29
ATT — Communications		51,985,600	.16
		$1,353,633,273	4.11%

[1]Total 1986-87 assessed valuation for Metropolitan Service District is $33,014,079,988.

[2]Washington Square Shopping Center.

[3]PacWest Center.

Sources: Clackamas, Multnomah and Washington County Assessors' offices.

TABLE 13
METROPOLITAN SERVICE DISTRICT
REPRESENTATIVE CONSOLIDATED TAX RATES

Fiscal Year 1986-87

CLACKAMAS COUNTY — Code Area 62-48

	Tax Rate Per $1,000	Percent of Total
Clackamas County School District #62	$17.84	54.47%
Oregon City	7.20	21.98
Tri-City Service District #4	2.24	6.84
Clackamas County	2.08	6.35
Clackamas Community College	1.34	4.09
Clackamas Elementary Education Service District	0.67	2.05
Clackamas County Water District #18	0.44	1.34
Port of Portland	0.43	1.31
Clackamas High School Education Service District	0.34	1.04
METROPOLITAN SERVICE DISTRICT	0.16	0.49
Vector Control District	0.01	0.03
TOTAL RATE	$32.75	100.00%

Total 1986-87 assessed value of code area 62-48 is $8,092,670.

MULTNOMAH COUNTY — Code Area 068

	Tax Rate Per $1,000	Percent of Total
Centennial School District	$16.12	53.01%
City of Portland	7.18	23.61
Multnomah County	3.49	11.48
Mount Hood Community College	1.73	5.69
Multnomah County Education Service District	1.30	4.27
Port of Portland	0.43	1.41
METROPOLITAN SERVICE DISTRICT	0.16	0.53
TOTAL RATE	$30.41	100.00%

Total 1986-87 assessed value of code area 068 is $838,280.

WASHINGTON COUNTY — Code Area 029-29

	Tax Rate Per $1,000	Percent of Total
Union High School District #3 Jt.	$ 9.65	35.39%
Washington County School District #29	8.29	30.40
Washington County	2.82	10.34
Washington County RFPD #1 Jt.	2.61	9.57
Tualatin Hills Park & Recreation District	1.36	4.99
Portland Community College Jt.	0.85	3.12
Wolf Creek Highway Water District	0.60	2.20
Port of Portland Jt.	0.43	1.58
Washington County Education Service District	0.25	0.92
Unified Sewerage Agency	0.25	0.92
METROPOLITAN SERVICE DISTRICT	0.16	0.59
TOTAL RATE	$27.27	100.00%

Total 1986-87 assessed value of code area 029-29 is $2,173,147.

Sources: Clackamas County, Multnomah County and Washington County Assessors.

METROPOLITAN SERVICE DISTRICT
FINANCIAL INFORMATION

BASES OF ACCOUNTING

The governmental fund types, the expendable trust fund and the agency funds are accounted for using the modified accrual basis of accounting. The proprietary fund types and Pension Trust Fund are accounted for using the accrual basis of accounting.

FISCAL YEAR: July 1 to June 30

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 — 297.555) requires an audit and examination be made of the accounts and financial affairs of every municipal corporation at least once each year, unless that municipal corporation's aggregate receipts and expenditures did not exceed $100,000 for the year. The audit shall be made by accountants whose names are included on the roster of auditors authorized to conduct municipal audits, prepared by the State Board of Accountancy, unless the municipality elects to have the audit performed by the State Division of Audits.

The Metro audit for fiscal years 1979-80 through 1983-84 were performed by Coopers & Lybrand, CPAs, Portland, Oregon. The Metro audit for fiscal years 1984-85 and 1985-86 were performed by Peat Marwick Mitchell & Co., CPAs, Portland, Oregon. (In 1987 the firm's name was changed to Peat Marwick Main & Company.) The auditors did not review the tables and offer no opinion regarding the tables. A partial copy of Metro's June 30, 1986, audited financial statements are provided in Appendix A of this Official Statement.

BUDGETING PROCESS

Metro prepares an annual budget in accordance with the Oregon Budget Law (ORS 294). ORS 294 establishes standard procedures for preparing, presenting and administering the operating budget for all local governments. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

Prior to adoption, the proposed budget is reviewed by a budget committee consisting of five councilors and seven laypersons. In a series of advertised public meetings, the budget committee reviews the budget and the "budget message," which explains the budget and significant changes in the local government's financial position. All budget committee meetings are open to the public.

Following review by the budget committee, another public hearing is held. A notice of hearing is published prior to the hearing.

After the budget hearings, the governing body considers citizens' testimony and, if necessary, alters the budget subject to statutory limitations upon increasing taxes or fund allocations without further publication and hearing. The budget is approved for transmittal to the Tax Supervising and Conservation Commission (TSCC) for public hearing and review. The TSCC is an appointed body created by state statute, responsible for ensuring compliance with Oregon Budget Law within Multnomah County.

Metro has no tax base. In 1987-88, Metro will begin a three-year serial levy, levying $5,500,000 annually for the operation and capital improvement of Washington Park Zoo. This is the third consecutive three-year zoo levy; previous levies were for $5,000,000 annually. Metro will consider asking the voters to approve a tax base for the zoo in the November 1988 general election.

The governing body prepares a formal resolution for adoption of the budget, authorizes taxes to be levied and sets out a schedule of appropriations. This resolution or ordinance must be adopted not later than June 30. The budget is submitted to the Assessor's Office before July 15 so that the tax levy may be certified.

Amended budgets may be prepared as needed during the fiscal year, utilizing transfers between the appropriation categories which are approved by the Council. Supplemental budgets are considered and adopted by the same process as the regular budget, including public hearings.

TABLE 14
METROPOLITAN SERVICE DISTRICT
LEVY AND BOND ELECTIONS

Date	Type of Election	Amount	Vote		Margin	
			Yes	No	Passed	(Failed)
03-31-87	Zoo Levy (3-Year Serial)	$ 5,500,000	115,447	86,068	29,379	
11-04-86	General Obligation Bonds (Convention Center)	65,000,000	196,360	176,190	20,170	
05-20-86	Tax Base	5,000,000	79,154	130,418		(51,264)
05-15-84	Zoo Levy (3-Year Serial)	5,000,000	171,369	93,517	77,852	
11-04-80	Tax Base	5,200,000	167,221	210,225		(43,004)
05-20-80	Zoo Levy (3-Year Serial) with partial state funding	1,500,000	173,015	80,297	92,718	
05-20-80	Zoo Levy (3-Year Serial) without partial state funding	3,500,000	137,336	108,460	28,876	
05-25-76	MSD Levy (5-Year Serial)	2,000,000	183,141	111,050	72,091	

Source: Metropolitan Service District.

TABLE 15
METROPOLITAN SERVICE DISTRICT
SUMMARY OF 1987-88 APPROVED BUDGET

Fund	Allocation (in $000)	Major Resources[1]	Amount (in $000)	Percent of Fund
General	$ 3,110	Interfund transfers	$ 2,726	87.7%
		Fund balance	325	10.5
Building Management	613	Interfund transfers	409	66.8
		Enterprise revenue	204	33.2
Intergovernmental Resource Center	2,069	Grants	1,027	49.6
		Dues	625	30.2
		Fund balance	261	12.6
		Other	107	5.2
Insurance	883	Interfund transfers	681	77.1
		Fund balance	139	15.7
		Interest	60	6.8
Rehabilitation and Enhancement	1,017	Fund balance	700	68.8
		Interfund transfers	277	27.3
		Interest	40	3.9
Zoo				
Zoo Operation	10,538	Property taxes[2]	5,500	52.2
		Enterprise revenues	3,367	32.0
		Fund balance	1,440	13.7
Zoo Capital	9,888	Fund balance	7,081	71.6
		Interfund transfers	2,220	22.4
		Interest	468	4.7
Solid Waste				
Solid Waste Operation	19,708	Enterprise revenues	17,608	89.3
		Fund balance	1,351	6.9
Solid Waste Capital	12,288	Bonds	8,900	72.4
		Interfund transfers	3,269	26.6
Solid Waste Debt Service	2,141	Interfund transfers	2,141	100.0
St. Johns Final Improvement	2,300	Interfund transfers	2,300	100.0
St. Johns Reserve	1,877	Fund balance	1,565	83.4
		Interfund transfers	228	12.1
		Interest	84	4.5
Convention Center				
Convention Center Project Management Fund	2,610	Intergovernmental revenues	2,050	78.5
		Interfund transfers	560[3]	21.5
Convention Center Project Capital	74,889	Bonds	65,000	86.8
		Grants	7,500	10.0
		Interest	2,389	3.2
Convention Center Debt	2,680	Property taxes	2,680	100.0
Convention, Trade & Spectator Facilities	60	Other	50	83.6
		Fund balance	8	13.9
TOTAL	$146,671			

NOTE: Columns may not foot due to rounding.

[1]Summarizes resources greater than three percent of fund.

[2]Includes current and delinquent taxes.

[3]As provided for under Oregon Budget Law, ORS 294.460(1), Metro loaned funds from Solid Waste to this fund, to meet cash flow needs as Multnomah County hotel/motel tax revenues are collected.

Source: Metropolitan Service District Approved 1987-88 Budget.

FUND ORGANIZATION

The District's Fiscal 1988 financial operations are accounted for in the following funds:

Governmental Funds

GENERAL FUND	This fund accounts primarily for the District's administrative activities. Principal resources of the fund are provided by dues assessed to member governmental bodies within the District's boundaries and reimbursements from other funds which benefit from General Fund activities.
SPECIAL REVENUE FUNDS	These funds account for revenue from specific sources.

- Convention, Trade and Spectator Facilities Fund
- Intergovernmental Resource Center Fund
- Zoo Fund

CAPITAL PROJECTS FUND	The Zoo Capital Fund accounts for the major capital improvement projects at the Washington Park Zoo.

Proprietary Fund Types

ENTERPRISE FUNDS	These funds account for the financing of predominantly self-supporting activities which are funded on a user charge basis or to meet management's desire to control and measure costs of services.

- Solid Waste Fund (which includes the following budgetary funds: Solid Waste Operating, Debt Service, and Capital Funds; St. Johns Reserve and Final Improvements).
- Building Management Fund
- Convention Center (which includes the following budgetary funds: Convention Center Project Management, Debt Service and Capital).

INTERNAL SERVICE FUND	This fund is used to account for activities or services furnished by a designated department to other organizational units within the entity.

- Insurance Fund

Fiduciary Funds

PENSION TRUST FUND	This fund accounts for the District's contribution to two defined contribution plans.

- Pension Plan Fund

EXPENDABLE TRUST FUND	This fund accounts for monies held in trust for future defined use.

- St. Johns Rehabilitation and Enhancement Fund

Account Groups

GENERAL FIXED ASSETS	Accounts for the District's investment in fixed assets not recorded in the Proprietary Fund Types.
GENERAL LONG-TERM DEBT	Accounts for the District's obligation under capital leases and accrued vacation liabilities payable from future resources not recorded in the Proprietary Fund Types.

Source: Metropolitan Service District.

MAJOR FUNDING SOURCES FOR METRO OPERATIONS

Resources for operation of the Metropolitan Service District are derived from six major sources of revenue:

Fees

Fees are charged for refuse disposal at the St. Johns Landfill and the Clackamas Transfer & Recycling Center. These fees account for 12 percent of Metro's total resources and are expected to produce $17,608,000 during fiscal year 1987-88.

Property Taxes

Property taxes are levied to pay for Washington Park Zoo operations and a portion of the capital improvement plan. There is currently a three-year, $15,000,000 serial levy which expires on June 30, 1987. A new three-year $16,500,000 serial levy was approved by District voters at the March 31, 1987, special election. Property taxes account for approximately 3.7 percent of Metro's resources.

Admission Fees

Admission fees and other enterprise charges are derived from the Washington Park Zoo. These fees and charges are used to assist in the operations of the zoo and the capital improvement projects identified in the five-year plan. Zoo fees and charges account for approximately 2.3 percent of Metro's total resources. During fiscal year 1987-88, it is estimated that the Zoo fees and charges will produce $3,367,000 in revenue.

Dues

State law requires local governments in the District to pay annual dues to Metro. Currently local governments pay $0.51 per capita under its jurisdiction. Traditionally these dues have been funneled to the Intergovernmental Resource Center to provide funding for a number of services to local governments. The dues assessment authority will expire in June 1989 without state legislative action. The legislature has renewed the dues authority twice since the creation of Metro, in 1981 and again in 1985. In fiscal year 1987-88, Metro will receive $625,488 from local dues; this comprises 0.4 percent of Metro's total resources.

Grants

Federal and state grants, and state and local grant matching funds are primary resources of the Intergovernmental Resource Center. These grants are used to fund transportation planning for the metro region. Grant funds account for approximately 0.7 percent of Metro's resources, or $1,027,277 in fiscal year 1987-88.

Hotel/Motel Taxes

In fiscal year 1987-88, funds derived from the three percent increase in the hotel/motel tax will be transferred from Multnomah County to Metro on a regular basis. It is estimated that the hotel/motel tax will produce approximately $2 million annually.

TABLE 16
METROPOLITAN SERVICE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND

For Fiscal Year ending June 30

	1982	1983	1984	1985	1986	CARC[1]
REVENUES:						
Dues	$ 555,064	$ 579,070	$ 592,545	$ 587,259	$ 608,411	1.66%
Grants and contracts						
Federal[2]	1,219,748	—	—	—	—	—
State and Local[2]	632,770	—	—	—	—	—
Documents and publications	—	—	5,962	3,729	4,831	−9.98
Professional/contract services	—	—	5,465	35,799	5,805	−3.06
Interest	—	12,481	83,132	115,284	82,536	87.70
Miscellaneous	26,471	10,562	29,480	51,738	21,736	27.20
Total Revenues	2,434,053	602,113	716,584	793,809	723,319	6.30
EXPENDITURES:						
Current:						
General Government						
Operation	1,744,929	1,646,797	1,802,220	1,811,235	1,543,616[3]	−2.13
Planning and development[2]	1,639,731	—	—	—	—	—
Capital Outlay	2,572	1,452	109,274	23,026	289,880	484.45
Total Expenditures	3,387,232	1,648,249	1,911,494	1,834,261	1,833,496	−3.61
Less administrative expense Reimbursements:						
Proprietary Fund	580,107	569,700	635,610	797,546	645,292	4.24
Special Revenue Funds	362,957	783,326[4]	837,925	971,916	916,350	5.37
Fiduciary Fund	45,000	5,000	5,000	—	—	—
	988,064	1,358,026	1,478,535	1,769,462	1,561,642	4.77
Net Expenditures	2,399,168	290,223	432,959	64,799	271,854	−2.16
Revenue over (under) expenditures	34,885	311,890	283,625	729,010	451,465	13.12
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)[5]	—	(205,520)	(159,986)	(466,887)	(688,975)	49.66
Revenues and Other Sources Over (Under) Expenditures and Other Uses	—	106,370	123,639	262,123	(237,510)[6]	−256.62
Fund balance — July 1	2,503	37,388	143,758	267,397	529,520	141.95
Fund Balance — June 30	$ 37,388	$ 143,758	$ 267,397	$ 529,520	$ 292,010[6]	26.65

[1]Compound annual rate of change for fiscal years 1982-83 through 1985-86 only.

[2]In FY 1983 Metro created a special revenue fund for the Intergovernmental Resource Center, which now receives these grants and contracts and expends those funds for planning and development purposes.

[3]Reduction due to creation of building management fund which removed approximately $300,000 in rental expense from the general fund.

[4]Increase in 1983 due to transfer from Intergovernmental Resource Center Fund (see footnote 2).

[5]Transfers primarily to Intergovernmental Resource Center Fund.

[6]Fund balance reduced due to one-time expenditure for leasehold improvements for new office space.

Source: Derived from annual financial statements.

TABLE 17
METROPOLITAN SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND

(Unaudited)

For the 10 months ended April 30, 1987

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Remaining
RESOURCES				
Revenue				
Dues Assessment	$ 618,565	$ 618,530	$ (35)	0%
Documents and Publications	3,500	3,495	(5)	0
Professional and Contract Services	0	3,425	3,425	0
Interest	85,500	69,315	(16,185)	(19)
Miscellaneous	1,400	5,380	3,980	284
Total Revenues	708,965	700,145	(8,820)	(1)
Other Financing Sources				
Transfers from				
Zoo Operating Fund	489,045	489,045	0	0
Solid Waste Operating Fund	824,494	824,494	0	0
Intergovernmental Resource Center Fund	557,987	331,077	(226,910)	(41)
Convention Center Management Fund	56,205	56,205	0	0
Total Transfers	1,927,731	1,700,821	(226,910)	(12)
Beginning Fund Balance Available for Appropriation	300,000	292,010	(7,990)	(3)
Total Resources	2,936,696	2,692,976	(243,720)	(8)
EXPENDITURES BY BUDGET CATEGORY				
Personal Services	1,457,097	1,097,429	359,668	25
Materials and Services	577,883	408,024	169,859	29
Capital Outlay	15,051	15,220	(169)	(1)
Transfers	760,828	462,889	297,939	39
Contingency	62,503	0	62,503	100
Total Expenditures	2,873,362	1,983,562	889,800	31
Unappropriated Fund Balance	$ 63,334	$ 709,414	$646,080	1,025%

Source: Metropolitan Service District.

TABLE 18
METROPOLITAN SERVICE DISTRICT
GENERAL FUND
BUDGETING RECORD
Expressed as a ratio of actual to budgeted amounts

— = Not budgeted and no revenues/expenditures
NB = Not budgeted, but received revenue/expended funds

	1981-82	1982-83	1983-84	1984-85	1985-86
REVENUES:					
Dues	1.00	1.00	1.00	1.00	1.00
Federal Grants/Contracts	0.48	—	—	—	—
State/Local Grants/Contracts	1.21	—	—	—	—
Documents and Publications	—	—	0.35	0.93	1.61
Professional/Contract Services	—	—	0.14	1.02	0.15
Interest	—	NB	9.10	0.92	0.90
Miscellaneous	3.02	1.16	9.83	6.47	10.87
Total Revenues	0.67	1.02	1.08	1.04	0.97
EXPENDITURES:					
General Government	0.96	0.94	0.92	0.92	0.92
Planning and Development	0.63	—	—	—	—
Capital Outlay	0.72	0.85	0.96	0.21	1.00
Contingency	—	—	—	—	—
Total Expenditures	0.76	0.91	0.91	0.81	0.92
Less Administrative Expense Reimbursements					
Proprietary Fund	1.07	1.00	1.00	1.00	1.00
Special Revenue Fund	1.06	0.92	0.89	0.91	0.80
Fiduciary Fund	1.00	NB	—	—	—
Net Expenditures	0.68	0.78	—	0.16	1.30
Revenue Over (Under) Expenditures	0.36	1.47	0.83	0.69	0.89
OTHER FINANCING SOURCES (USES):					
Operating Transfers In (Out)	—	—	0.86	0.78	0.70
Fund Balance, July 1	1.00	1.45	3.60	1.00	1.00

1.00 means 100 percent of budgeted amount received or expended.
0.98 means revenues/expenditures fell short of budgeted amount by 2%.
1.20 means revenues/expenditures exceeded budgeted amount by 20%.
Source: Derived from annual financial statements.

TABLE 19
METROPOLITAN SERVICE DISTRICT
GENERAL FUND
CONSECUTIVE BALANCE SHEETS[1]

As of June 30

	1982	1983	1984	1985	1986
ASSETS					
Cash and investments	$ 125	$186,914	$353,351	$617,927	$429,745[2]
Receivables:					
Federal grants/contracts	290,625	425	—	—	—
State/local grants/contracts	181,254	9,557	1,176	—	—
Interest	—	—	3,363	—	—
Other	7,944	1,464	9,197	5,484	2,994
Due from other funds	35,240	—	—	—	—
Restricted assets:					
Grants receivable	243,958	—	—	—	—
Cash and investments	—	—	—	—	13,489
Advances	—	10,287	—	—	—
Other	—	—	—	18,297	8,346
Total Assets and other Debits	$759,146	$208,647	$367,087	$641,708	$454,574
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$108,033	$ 23,834	$ 40,491	$ 37,284	$ 81,426
Salaries, withholdings and payroll taxes payable	94,755	38,557	53,805	50,581	60,284
Due to other funds	263,202	—	—	—	—
Unearned grant revenue	9,030	—	—	—	—
Deferred revenue	—	2,498	—	—	—
Due to other agencies	—	—	5,394	5,394	5,393
Payable from restricted assets:					
Contracts payable	—	—	—	—	13,489
Due to other funds	29,442	—	—	—	—
Expenditures by subgrantees in excess of advances	214,516	—	—	—	—
Other	2,780	—	—	18,929	1,972
Total Liabilities	721,758	64,889	99,690	112,188	162,564
Fund Equity:					
Fund balances:					
Unreserved	37,388	143,758	267,397	529,520	292,010[2]
Total Fund Equity	37,388	143,758	267,397	529,520	292,010[2]
Total Liabilities and Fund Equity	$759,146	$208,647	$367,087	$641,708	$454,574[2]

[1]In FY 83 a new Special Revenue Fund, the Planning Fund (Intergovernmental Resource Center) was established and the corresponding assets and liabilities were transferred to that fund.

[2]Cash and fund balance reduced primarily due to one-time expenditure for leasehold improvements for new office space.

Source: Derived from annual financial statements.

TABLE 20
METROPOLITAN SERVICE DISTRICT
BALANCE SHEET
GENERAL FUND
As of April 30, 1987
(Unaudited)

ASSETS	
Cash and investments	$768,622
Account receivables	
Dues, assessments and documents	755
Deposits	300
TOTAL ASSETS	$769,677
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$ 3,174
Payroll and withholding payable	51,683
Customer deposits	15
Due to other agency	5,394
TOTAL LIABILITIES	$ 60,266
FUND EQUITY	
Fund balance	$709,411
TOTAL FUND EQUITY	709,411
TOTAL LIABILITIES AND FUND EQUITY	$769,677

Source: Metropolitan Service District.

TABLE 21
METROPOLITAN SERVICE DISTRICT
BUDGETARY COMPARISONS

	1986-87 Allocation (in $000)	1987-88 Allocation (in $000)	Major Revenue Sources	Budgetary Year 1986-87 Amount (in $000)	Budgetary Year 1986-87 Percent of Fund	Budgetary Year 1987-88 Amount (in $000)	Budgetary Year 1987-88 Percent of Fund
Convention Center Project Management Fund	$1,805	$ 2,610	Intergovernmental Revenue	$1,216	67.4%	$ 2,050	78.5%
			Transfer from Solid Waste Operating	589	32.6	—	—
			Transfer from Conv. Center Capital	—	—	560	21.5
Convention Center Project Capital Fund	760	74,889	State Grant	—	—	7,500	10.0
			General Obligation Bond	—	—	65,000	86.8
			Interest on Investments	—	—	2,389	3.2
			Transfer from Conv. Center Management	760	100.0	—	—
Convention, Trade & Spectator Facilities Fund	63	60	Fund Balance	9	13.9	8	13.9
			Contract Services	55	86.1	50	83.6
			Interest on Investments	—	—	2	2.5
Convention Center Project Debt Service Fund	—	2,680	Property Taxes — Current Year	—	—	2,680	100.0

Source: Metropolitan Service District.

REVENUE AND EXPENDITURES FOR CONVENTION CENTER FUNDS

Convention Center Project Management Fund

Revenues for this fund come primarily from the hotel/motel tax proceeds transferred from Multnomah County. Expenses eligible to be paid from this fund are those costs associated with marketing, booking, and the operation of the convention center.

Convention Center Project Capital Fund

Revenues for this fund are supplied by proceeds from the sale of these Bonds, state grants, and funds from a Local Improvement District (expected in FY 88-89). Eligible expenses are site acquisition and preparation, design costs, construction management costs, and actual construction.

Convention Center Project Debt Service Fund

Revenues for this fund are derived from the annual property tax which will be levied upon taxable property within the boundaries of Metro as approved by the voters in November 1986. This revenue will be distributed to bondholders in the form of principal and interest payments on the bond sold by this issue.

Convention, Trade & Spectator Facilities Fund

Revenue for this fund is received, under contractual (intergovernmental) agreement, from other agencies and local governments. These funds are dedicated to pursuing the goals and strategies outlined in the CTS Master Plan. The CTS Fund enables Metro to fulfill obligations to study other projects identified in the CTS Master Plan.

TABLE 22
METROPOLITAN SERVICE DISTRICT
CONVENTION, TRADE AND SPECTATOR FACILITIES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the fiscal year ended June 30, 1986

Revenues	
State grant	$ 50,000
Professional and contract service fees	117,675
Interest	5,825
Total revenues	$173,500
Other financing sources	
Operating transfer from:	
General Fund	30,190
Total revenues and other financing sources	$203,690
Expenditures	
Current	
Planning and development	
Personal services	$ 9,959
Materials and services	134,944
Total expenditures	$144,903
Other financing uses	
Operating transfers to:	
Intergovernmental resource center fund	$ 50,000
Total other financing uses	$ 50,000
Total expenditures and other financing uses	$194,903
Revenue and other financing sources over expenditures and other financing uses	$ 8,787
Fund balance — June 30, 1985	$ 0
Fund balance — June 30, 1986	$ 8,787

Source: Audited annual financial statement.

TABLE 23
METROPOLITAN SERVICE DISTRICT
CONVENTION, TRADE AND SPECTATOR FACILITIES FUND
BALANCE SHEET

As of June 30, 1986

ASSETS	
Cash and investments	$91,710
TOTAL ASSETS	$91,710
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	$24,338
Salaries, withholdings and payroll taxes payable	6,682
Deferred revenue	49,526
Contracts payable	2,377
TOTAL LIABILITIES	82,923
Fund balances — unreserved	8,787
TOTAL LIABILITIES AND FUND BALANCES	$91,710

Source: Audited annual financial statement.

TABLE 24
METROPOLITAN SERVICE DISTRICT
CONVENTION, TRADE AND SPECTATOR FACILITIES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the 10 months ended April 30, 1987
(Unaudited)

Revenues	Budget	Actual	Variance*
Professional and contract service fees	$54,525	$10,859	$(43,666)
Interest	0	1,582	1,582
Total revenues	54,525	12,442	(42,083)
Other financing sources			
Beginning fund balance available for appropriation	8,787	8,787	0
Total resources	$63,312	$21,229	$(42,083)
Expenditures			
Planning and development	$63,312	$19,321	$(43,991)
Fund balance, April 30, 1987	$ 0	$ 1,908	$ 1,908

*Arena study in progress with consultant assistance. Project schedule has been amended to extend into FY 87-88; thus funds remain unexpended.

Source: Metropolitan Service District.

TABLE 25
METROPOLITAN SERVICE DISTRICT
CONVENTION, TRADE AND SPECTATOR FACILITIES FUND
BALANCE SHEET

As of April 30, 1987
(Unaudited)

ASSETS	
Cash and investments	$45,574
TOTAL ASSETS	$45,574
LIABILITIES AND FUND BALANCES	
Deferred revenue	$43,666
TOTAL LIABILITIES	$43,666
Fund balance — Unreserved	1,908
TOTAL LIABILITIES AND FUND BALANCES	$45,574

Source: Metropolitan Service District.

For financial reporting purposes, the District's management considers the activities relating to Convention Center construction and operation as those of a unitary enterprise operation, and as such, these activities will be reported in the Convention Center Enterprise Fund. The following (Tables 26-29) schedules are prepared on a budgetary basis (modified accrual). The funds used to account for these activities for budgetary and legal purposes are the Convention Center Project Management Fund and the Convention Center Project Capital Fund. In FY 88, the Convention Center Debt Service Fund will also be used.

TABLE 26
METROPOLITAN SERVICE DISTRICT
CONVENTION CENTER PROJECT MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the ten months ended April 30, 1987
(Unaudited)

	Budget	Actual	Variance[1]
Revenues			
Intergovernmental revenue	$1,216,000	$818,556	$ (397,444)
Interest on investments	0	1,093	1,093
Miscellaneous	0	111	111
Total revenues	1,216,000	819,760	(396,240)
Other Financing Sources			
Transfer from Solid Waste Operating[2]	588,719	0	(588,719)
Total revenues and other financing sources	$1,804,719	$819,760	$ (984,959)
Expenditures			
Personal services	$ 226,390	$162,524	$ (63,866)
Materials and services	462,910	363,987	(98,923)
Capital outlay	25,000	15,762	(9,238)
Total expenditures	714,300	542,273	(172,027)
Other financing uses			
Transfer to general fund	56,205	56,205	0
Transfer to building management fund	12,731	6,293	(6,438)
Transfer to insurance fund	4,896	4,896	0
Transfer to convention center capital fund	760,000	64,269	(695,731)
Contingency	256,587	0	(256,587)
Total expenditures and other financing uses	1,804,719	673,936	(1,130,783)
Fund balance, April 30, 1987	$ 0	$145,824	$ 145,824

[1]The first half of the fiscal year was devoted to project start-up. Major expenses for architect and construction management will occur in the last two months.

[2]Interfund loan to be repaid in FY 88.

Source: Metropolitan Service District.

TABLE 27
METROPOLITAN SERVICE DISTRICT
CONVENTION CENTER PROJECT MANAGEMENT FUND
BALANCE SHEET
As of April 30, 1987
(Unaudited)

ASSETS	
Cash and investments	$200,449
Receivables	560
TOTAL ASSETS	$201,009
LIABILITIES AND FUND BALANCES	
Accounts payable	$ 47,755
Salaries, withholding and payroll taxes payable	7,430
TOTAL LIABILITIES	55,185
Fund balance — unreserved	145,824
TOTAL LIABILITIES AND FUND BALANCES	$201,009

Source: Metropolitan Service District.

TABLE 28
METROPOLITAN SERVICE DISTRICT
CONVENTION CENTER PROJECT CAPITAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the ten months ended April 30, 1987
(Unaudited)

	Budget	Actual	Variance
Revenues			
Total revenues	$ 0	$ 0	$ 0
Other financing sources			
Transfers from Convention Center Project Management Fund	760,000	64,269	(695,731)
Total revenues and other financing sources	$760,000	$64,269	$(695,731)
Expenditures			
Construction management	$250,000	$60,086	$(189,914)
Engineering services	480,000	0	(480,000)
	$730,000	$60,086	$(669,914)
Other financing uses			
Contingency	30,000	0	(30,000)
Total expenditures and other financing uses	$760,000	$60,086	$(699,914)
Fund balance, April 30, 1987	$ 0	$ 4,183	$ 4,183

Source: Metropolitan Service District.

TABLE 29
METROPOLITAN SERVICE DISTRICT
CONVENTION CENTER PROJECT CAPITAL FUND
BALANCE SHEET

As of April 30, 1987
(Unaudited)

ASSETS	
Cash and investments	$4,183
TOTAL ASSETS	$4,183
LIABILITIES AND FUND BALANCES	
Liabilities	$ 0
Fund balance — unreserved	4,183
TOTAL LIABILITIES AND FUND BALANCES	$4,183

Source: Metropolitan Service District.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The Metropolitan Service District covers 350 square miles of the urban portions of Clackamas, Multnomah and Washington counties in northwestern Oregon. Major cities include Portland, Gresham, Beaverton, Hillsboro, Milwaukie, Lake Oswego and Oregon City.

The Portland area is the financial, trade, transportation, and service center for Oregon, southwest Washington, and the Columbia River Basin. Its manufacturing base continues to diversify with growth during the last decade in the machinery, electronics, transportation equipment, and fabricated metal products industries—decreasing the local economy's dependence on the forest and food products industries. Foreign trade is also a growing activity in the Oregon economy.

LAND USE PLANNING

State law requires comprehensive land use planning to be accomplished at the city and county levels. To provide common direction and consistency within each city and county comprehensive plan, the Oregon Legislature directed 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 appropriate comprehensive plan. Nineteen statewide planning goals have been adopted, dealing with matters which include:

Economy	Air, Water and Land Resources Quality
Housing	Agricultural Lands
Urbanization	

All cities and counties within Metro's jurisdiction have received LCDC approval of their comprehensive plan.

As part of comprehensive planning, an urban growth boundary for the year 2000 must be established. This boundary is designed to contain urban sprawl and should encompass adequate land in each zoning category to support predicted growth. In the Portland Metropolitan Area, the Metropolitan Service District has responsibility for adoption and maintenance of a regional urban growth boundary. Local comprehensive plans must conform to the regional urban growth boundary.

POPULATION

The three-county metropolitan area has added over 467,000 people since 1950. The average annual rate of growth for the 36 years was 1.57 percent, compared with 1.56 percent for the state and 1.28 percent for the United States. Since 1980 the rate of population growth in the metropolitan area has slowed to 0.54 percent. The national recession of 1981-82 created a net out-migration for Portland in 1983 of over 10,000; since 1982, the area has gained almost 30,000 people.

Metro forecasts the population in the three-county metropolitan area to increase to 1.4 million in 2005, at an average annual rate of 1.4 percent. These forecasts indicate a 2.08 percent rate of growth in Washington County, 1.62 percent in Clackamas County, and 0.60 percent in Multnomah County.

Metro estimates the population within its boundaries to be 981,158 in 1986. This includes 24 cities and much of the urbanized, unincorporated area in the three counties.

TABLE 30
METROPOLITAN SERVICE DISTRICT
POPULATION ESTIMATES WITHIN METRO

Year	Population
1978	888,554
1979	914,031
1980	930,793
1981	939,094
1982	955,091
1983	944,517
1984	954,370
1985	970,243
1986	981,158

Source: Metropolitan Service District.

TABLE 31
METROPOLITAN SERVICE DISTRICT
POPULATION ESTIMATES

Year	Multnomah County	Percent Change	Clackamas County	Percent Change	Washington County	Percent Change	Oregon	Percent Change
1950	471,537	—	87,716	—	61,269	—	1,521,341	—
1960	522,813	10.87%	113,038	28.87%	92,237	50.54%	1,768,687	16.26%
1970	554,668	6.09	166,088	46.93	157,920	71.21	2,091,533	18.25
1976	553,000	0.30	205,800	23.91	196,000	24.11	2,341,750	11.96
1980[1]	562,300	1.68	243,000	18.08	247,800	26.02	2,639,915	12.73
1981	561,900	−0.07	245,100	0.86	255,000	2.91	2,660,735	0.79
1982	564,500	0.46	245,000	−0.04	259,700	1.84	2,656,185	−0.17
1983	557,500	−1.24	243,600	−0.57	257,400	−0.89	2,635,000	−0.80
1984	562,800	0.95	246,300	1.11	260,200	1.09	2,660,000	0.95
1985	561,800	−0.18	248,200	0.77	268,000	3.00	2,675,800	0.59
1986	566,200	0.75	248,200	0.00	273,300	1.98	2,659,500	−0.61
1976-86 Compounded Annual Rate of Change:		0.24%		1.89%		3.38%		1.28%
1981-86 Compounded Annual Rate of Change:		0.15%		0.25%		1.40%		−0.01%

[1]The 1980 Federal Census figures are as follows:

Multnomah County	562,647
Clackamas County	241,911
Washington County	245,860
Oregon	2,633,156

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.

TABLE 32
METROPOLITAN SERVICE DISTRICT
HISTORIC POPULATION DATA

Year	Three-County Area	State of Oregon	United States
1950	620,522	1,521,341	150,697,361
1960	728,088	1,768,687	179,323,000
1970	878,676	2,091,533	203,302,000
1980	1,053,100	2,639,915	226,546,000
1986	1,087,700	2,659,500	241,000,000
Average Annual Growth			
1950-1986	1.57%	1.56%	4.81%
1980-1986	0.54%	0.12%	1.04%

Source: Portland State University Center for Population Research. U.S. Bureau of Census.

INCOME

Accompanying the population growth in the Portland area has been a steady increase in per capita personal income. Portland area per capita income levels historically exceed those of the state and the United States.

TABLE 33
METROPOLITAN SERVICE DISTRICT
PER CAPITA PERSONAL INCOME
(in current dollars)

Year	Portland PMSA	Oregon	United States
1959	$ 2,457	$ 2,166	$ 2,145
1969	4,030	3,528	3,667
1979	9,861	8,682	8,651
1980	10,701	9,319	9,494
1981	11,458	9,959	10,544
1982	11,676	10,167	11,113
1983	12,237	10,734	11,681
1984	13,247	11,613	12,772
1985*	NA	12,165	13,451
Average Annual Growth Rates:			
1959-1984	7.0%	7.0%	7.4%
1969-1984	8.3	8.7	8.7
1979-1984	6.1	5.1	8.1

*Preliminary.

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

The annual rate of per capita income growth in Portland over the 25 years from 1959 to 1984 was 0.4 percent below that of the United States. The cyclical nature of forest products and agriculture industries, which surround the Portland region, create swings within the longer term trend. This was the case between 1979 and 1984. The impact of the 1981-82 national recession on Northwest forest products and agricultural firms acted to lower the rate of per capita income growth in Portland to 2.0 percent below the national rate over the five-year period.

Another perspective on community wealth is total personal income adjusted for inflation. By neutralizing the impact of inflation, which is included in the per capita income figures, one gains a clearer view of Portland's strength. Between 1959 and 1984, the average annual growth rate of total personal income in Portland was 0.2 percent higher than that for the nation. This trend is expected to continue. Portland's projected rate of inflation-adjusted total personal income exceeds the national rate between 1984 and 1990, and 1984 and 2000.

TABLE 34
METROPOLITAN SERVICE DISTRICT
PROJECTED TOTAL PERSONAL INCOME
(Millions of constant 1984 dollars)

	Portland PMSA	United States
1984 (actual)	$15,055	$3,016,317
1990	18,328	3,601,041
2000	23,125	4,426,640
Average Annual Growth Rates:		
1984-1990	3.3%	3.0%
1984-2000	2.7%	2.4%

Source: *1985 OBERS BEA Regional Projections*, Vol. 2; Metropolitan Statistical Area Projections to 2035. U.S. Department of Commerce, Bureau of Economic Analysis, 1985.

There are several reasons for expecting the rate of total personal income growth to be faster in Portland than the nation. The most important of these reasons are the diversity of the economic base, and Portland's role as a domestic and international distribution center.

Household income in the Portland metropolitan area kept pace with local inflation between 1980 and 1985, according to a 1985 survey commissioned by Metro and the Tri-County Metropolitan Transportation District.

TABLE 35
METROPOLITAN SERVICE DISTRICT
MEDIAN HOUSEHOLD INCOME

	1979*	1984
Clackamas County	$28,457	$28,505
Multnomah County	21,551	21,704
Washington County	28,902	28,492
United States	23,556	24,635

*1979 dollars adjusted to 1984 dollars.

Source: 1979 data — U.S. Census Bureau.
1984 data — Intergovernmental Resource Center, Metropolitan Service District.

TABLE 36
METROPOLITAN SERVICE DISTRICT
BANKING: DEPOSIT AND LOAN TOTALS
(in $000)

	Multnomah County		Clackamas County		Washington County		Oregon	
Year	Deposits	Loans	Deposits	Loans	Deposits	Loans	Deposits	Loans
1980	$5,991,827	$5,035,874	$699,219	$443,317	$ 753,037	$367,905	$13,662,506	$ 9,303,280
1981	9,011,091	6,530,107	744,664	479,548	805,512	383,810	16,942,326	10,862,869
1982	7,891,905	6,595,597	798,410	493,313	882,640	335,110	16,241,092	10,572,355
1983	7,508,232	6,697,728	866,092	604,759	950,667	353,017	16,300,062	10,808,796
1984	6,927,729	7,321,373	922,461	622,395	1,022,714	351,421	16,064,739	11,432,050
1985	5,790,691	8,412,881	909,484	215,751	1,033,974	314,122	15,053,131	11,936,156
1980-85 Compounded Annual Rate of Change:	−0.7%	10.8%	5.4%	−13.4%	6.6%	−3.1%	2.0%	5.1%

Source: Oregon Department of Commerce, Banking Division.

EMPLOYMENT

Current employment data are available for the Portland Primary Metropolitan Statistical Area only, which consists of Multnomah, Washington, Clackamas and Yamhill counties. However, until 1985, the Portland MSA included Clark County in Washington and did not include Yamhill County. Thus, employment and unemployment data before 1985 are not comparable with current data.

TABLE 37
PORTLAND PMSA
AVERAGE ANNUAL UNEMPLOYMENT AS A PERCENT OF LABOR FORCE[1]

Year	Portland PMSA	Oregon	United States
1975	9.5%	10.6%	8.5%
1976	8.7	9.6	7.7
1977	6.8	7.3	7.0
1978	5.2	6.0	6.0
1979	5.4	6.8	5.8
1980	6.2	8.2	7.1
1981	7.9	9.7	7.6
1982	10.1	11.5	9.7
1983	10.1	10.8	9.6
1984	7.9	9.2	7.4
1985	7.4	8.8	7.3
1986	7.2	8.5	7.0
April 1987[2]	5.1	6.1	6.2

[1]Annual Averages derived from monthly data.

[2]April 1987 figures are raw rates. Seasonally adjusted rates for Oregon and the U.S. were 5.8 and 6.3 percent, respectively. Seasonally adjusted rates are not available on a monthly basis below the state level.

Source: State of Oregon Employment Division, Department of Human Resources.

TABLE 38
METROPOLITAN SERVICE DISTRICT
PORTLAND PMSA
EMPLOYMENT — ANNUAL AVERAGES AND PERCENT DISTRIBUTION BY INDUSTRY GROUP

NOTE: The Portland Primary Metropolitan Statistical Area (PMSA) includes Clackamas, Multnomah, Washington and Yamhill counties. Data for 1985 are not comparable to prior years because of the inclusion of Yamhill County and the exclusion of Clark County, Washington.

	1976	Percent[1] of Total	1986	Percent[1] of Total
RESIDENT CIVILIAN LABOR FORCE	517,300		608,100	
UNEMPLOYMENT	45,200		43,800	
Percent of Labor Force	8.7%		7.2%	
TOTAL EMPLOYMENT[2]	472,100		564,300	
DIFFUSION INDEX[3]	NA		51.1%	
TOTAL WAGE AND SALARY EMPLOYMENT	461,200	100.0%	528,600	100.0%
MANUFACTURING TOTAL	93,900	20.4%	90,300	17.1%
Durable Goods				
Instruments & Related Products	12,300	2.7	12,500	2.4
Machinery	8,900	1.9	9,200	1.7
Electrical Equipment & Supplies	2,500	0.5	8,700	1.6
Lumber & Wood Products	10,300	2.2	7,900	1.5
Fabricated Metals	8,200	1.8	7,500	1.4
Transportation Equipment	8,100	1.6	7,400	1.4
Primary Metals	7,000	1.5	6,400	1.2
Other Durable Goods	6,000	1.3	5,200	1.0
Non-durable Goods				
Food and Kindred Products	8,700	1.9	7,500	1.3
Printing and Publishing	4,800	1.0	6,700	1.3
Paper and Allied Products	7,600	1.6	4,100	0.8
Other Non-durable Goods	9,500	2.1	7,400	1.4
NON-MANUFACTURING TOTAL	367,300	79.6%	438,200	82.9%
Trade	117,100	25.4	140,300	26.5
Services and Miscellaneous	90,700	19.7	127,500	24.1
Government	75,200	16.3	75,100	14.2
Finance, Insurance and Real Estate	33,500	7.3	43,100	8.2
Transportation, Communications and Utilities	30,700	6.7	32,900	6.2
Construction	20,100	4.4	18,800	3.6
Mining and Quarrying	NA	0	600	0.1
LABOR-MANAGEMENT DISPUTES	400		100	

NOTE: Columns may not foot due to rounding.

[1]Percent of Total is based on total wage and salary employment.

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

[3]The diffusion index is the percentage of a selected group of 36 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than ½ of 1%) are counted as increasing.

Source: State of Oregon Department of Human Resources, Employment Division.

The major trend in the Portland economy since 1976 has been greater diversification. Employment in manufacturing, construction, mining, and government is proportionately lower in Portland than in the United States. But employment in trade, services, finance, insurance, real estate, and transportation is proportionately greater in Portland than in the United States. Between 1976 and 1986, employment in trade, service, finance, insurance, and real estate increased by 69,600. This increase accounted for 74 percent of total growth in nonagricultural employment.

The resident labor force in the Portland PMSA numbered 528,600 persons in 1986. In 1986 manufacturing employment accounted for 17.1 percent and non-manufacturing 82.9 percent, of total wage and salary employment.

Trade

Employment in wholesale and retail trade accounted for 26.5 percent of the jobs in the Portland PMSA in 1986, making this the largest employment sector.

According to the 1982 *Census of Wholesale Trade*, the most recent, the Portland area had $22 billion of wholesale trade in 1982. In the states west of Colorado, this places Portland behind only Los Angeles-Anaheim, and San Francisco in volume of sales. As a city, Portland (Multnomah, Washington, and Clackamas counties) had $15 billion of wholesale sales, ranking seventh in the United States, and second on the West Coast, after Los Angeles.

Strength in domestic warehousing and distribution owes to Portland's geographic location at the hub of interstate freeways and railroads in the Pacific Northwest. International trade further enhances the domestic distribution business in Portland. Being located along the Columbia River with a deep draft channel to the Pacific Ocean has made Portland one of the West Coast's leaders in yearly export tonnage.

Portland's air, water, and rail facilities are a focal point of import and export trade for Oregon, Southwestern and Eastern Washington, and a large portion of the inland United States. Principal commodities exported are grains and forest products. Imports are primarily automobiles, consumer goods, and metal products. Asia is the dominant foreign trade market of Portland; the most prominent countries in terms of value of trade are Japan, Korea, and Taiwan.

Service and Miscellaneous

This sector is the second largest in the Portland PMSA, with 24.1 percent of the jobs in 1986, reflecting Portland's importance as a service center for the region.

Manufacturing

Employment in manufacturing accounted for 17.1 percent of the jobs in the Portland PMSA in 1986, making it the third largest sector. Decreases in the wood products and transportation equipment have been offset by growth in the electrical equipment and instrument segments.

The state's economy is largely based on the lumber and wood products industry, which accounts for about 32 percent of the state's manufacturing employment, and on food and kindred projects, which accounts for about 12 percent. The Portland economy is less dependent on these sectors (8.8 and 8.3 percent) because of its increasing diversification. The three most important manufacturing sectors in the Portland PMSA are instruments and related products, machinery, and electrical equipment and supplies.

Government

The fourth largest sector in the Portland PMSA is government, with 14.2 percent of the jobs in 1986. Local government is the largest of the governmental employers, including school districts, counties, cities, and special districts.

TABLE 39
METROPOLITAN SERVICE DISTRICT
MAJOR EMPLOYERS IN PORTLAND METROPOLITAN AREA

MANUFACTURING EMPLOYERS

Company	Principal Products/Services	1986 Employment	1987 Employment
Tektronix, Inc.	Electronic instruments	9,950	9,509
Intel Corp.	Semiconductor integrated circuits	4,232	3,500
Freightliner Corp.	Heavy-duty trucks	2,206	2,700
Precision Castparts	Steel castings	2,500	2,500
Crown Zellerbach Corp.	Pulp and paper mills, packaging	1,458	1,918
Boeing of Portland	Aircraft frame structures	1,440	1,650
Nike	Sports shoes and apparel	1,300	1,200
Oregonian Publishing Co.	Newspaper publishing	1,200	1,127
Pendleton Woolen Mills	Men's and women's apparel	1,000	1,000
Omark Industries, Inc.	Sawchains and power tools	964	1,000
Floating Point Systems, Inc.	Computer processing units	1,300	850
Jantzen, Inc.	Sportswear and swimwear	640	620
NON-MANUFACTURING EMPLOYERS			
Fred Meyer, Inc.	Retail variety chain	6,500	6,534
U.S. Bancorp	Bank and holding company	3,808	3,637[2]
Pacific Northwest Bell	Communications utility	3,400	3,600
Kaiser Permanente	Hospitals and clinics	4,000	3,587
Healthlink	Association of 5 hospitals	4,000	NA
Meier & Frank Co.	Department stores	2,500	3,500
First Interstate Bank[1]	Bank	4,725	2,848
Providence Hospitals	Association of 2 hospitals	2,200	2,550
Safeway Stores	Grocery chain store	2,453	2,382
Portland General Electric	Electric utility	2,530	2,303
St. Vincent Hospital & Medical Center	Hospital	2,200	2,200
PacifiCorp	Electricity, mining, telecommunications	2,194	2,200
Good Samaritan Hospital & Medical Center	Hospital	2,860	2,007
Nordstrom	Retail specialty store	1,200	1,600
Blue Cross & Blue Shield of Oregon	Medical Insurance	1,400	1,484
Pay Less Drug Stores NW	Retail drug/variety store chain	1,600	1,245
Red Lion Inns	Hotel/motel chain	1,500	NA
Northwest Natural Gas	Utility	NA	923
General Telephone Co.	Telephone Utility	1,267	800
PUBLIC EMPLOYERS			
Federal Government:			
U.S. Postal Service		3,500	3,940
Bonneville Power Administration		1,820	2,000
Other Federal		8,680	8,260
State Government:			
Oregon Health Sciences University		5,000	5,000
Portland State University		1,697	1,755
Other State		7,000	7,645

Local Government:		
Portland School District	4,720[3]	4,900
Portland Community College	2,445	3,100
Other Local Education	21,935	23,400
City of Portland	4,456	4,200
Tri-Met	1,579	1,550
Other Local Government (counties, cities, special districts)	11,221	11,650

[1]1986 employment is statewide; 1987 employment is Portland metropolitan area only.

[2]FTE.

[3]Does not include 1,607 part-time workers, substitute teachers and teachers on leave.

Source: Chamber of Commerce.
Contact with each employer.
Employment Division, Oregon State Department of Human Resources.

ECONOMIC DEVELOPMENT IN THE METROPOLITAN AREA

In 1985 Metro undertook an inventory of vacant industrial land within the urban growth boundary, which includes the urbanized portions of Multnomah, Clackamas and Washington counties. Of the region's 19,070 acres of vacant industrial land, 11,011 acres are in parcels of 30 acres or larger. Twenty-four sites have at least 100 acres of uncommitted vacant industrial land. Of the total, 12,348 acres are within 1,000 feet of sewers. A county breakdown of these lands is as follows:

Clackamas County	3,174
Multnomah County	9,724
Washington County	6,172
Total Acres	19,070

According to Oregon Industrial and Commercial Announced Investments, published by the Oregon Economic Development Department, in the Portland metropolitan area over $149 million of industrial investments were announced in 1985, and approximately $839 million in commercial investments. The two largest investments were by Sludge Management Company, which planned a $21 million fertilizer and fuel manufacturing facility, and Planar Systems, a $20 million expansion of their computer display panel manufacturing facility. Thirteen of the commercial projects amounted to over $10 million each.

In 1986, $473.7 million of commercial and industrial investments were announced in the metropolitan area. Two of the largest commercial investments were Albertson's Distribution Center in Gresham, $50 million, and the remodeling of the PGE facility for the Oregon Museum of Science and Industry, $22 million. The major industrial investment was $10 million for Aeroscientific Corporation's manufacturing facility.

TABLE 40
METROPOLITAN SERVICE DISTRICT
RETAIL TRADE
(in $000)

Year	Portland PMSA	Oregon
1980	$6,292,697	$ 8,946,209
1981	6,625,025	13,861,576
1982	6,648,796	14,487,767
1983	6,833,390	14,879,990
1984	6,986,524	14,267,550
1985	7,441,991	15,159,386
1980-85 Compounded Annual Rate of Change:	3.4%	11.1%

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

CLACKAMAS COUNTY

Clackamas County's total population was 248,200 in 1986. The largest cities are Lake Oswego, with a population of 26,035; Milwaukie, with 17,685; and Oregon City, with 14,360.

Unincorporated Clackamas County

Industrial development has grown along the major highways which cross the County and along the Willamette River. Access to both river and overland transportation has provided a means of distributing the products of the traditional leader in industrial activity, lumber products. About half of the County's land area lies within the Mt. Hood National Forest with additional privately-owned timberlands supporting the County's economic base.

With the relative decline of importance in the wood products industry, other industries have increased in importance in the County's economy. The largest manufacturing employers in the County are Precision Castparts, manufacturer of aerospace components; Tektronix, producer of software and electronic equipment; and Omark Industries, producer of sawblades and handsaws. Other industries which provide major employment in the County include the manufacturing of equipment for the wood products industry, clothing and consumer equipment.

The greatest development occurred near the Sunnyside interchange with first the construction of the Kaiser-Permanente Medical Center-Sunnyside in the mid-1970s, and more recently the construction of Clackamas Town Center, the largest retail center in the Portland metropolitan area. The center has 1,250,000 square feet of leasable space in a two-level design. The center is the largest shopping mall in the Northwest and features 185 stores with five major anchor stores. For the almost 348,000 square feet designated for smaller stores, sales to date have averaged $206.41 per square foot for 1985. Other developments in the area include professional and office buildings, such as the new 8800 Building with 60,000 square feet of office space, and a 26,500-square-foot retail building.

There are a number of developments planned or under way in the Clackamas Town Center area. Sunnyside Plaza, a 41,000-square-foot mixed-use development, is planned for construction on SE Sunnyside Road near Clackamas Town Center. Clackamas Promenade, a $70-million retail and office project, is proposed for construction south of Town Center by Schurgin Development Corp., Los Angeles. The development is proposed as a two-phase project, with phase 1 being a 1.3-million-square-foot development. Phase 1, which will be a retail center, is under construction, and the first stores are scheduled to open in early 1988. Mt. Scott Office Park is a proposed two-phase project which is expected to include about 300,000 square feet of Class A office space and 30,000 square feet of commercial space including two restaurants. An 88,000-square-foot four-story Class A office building estimated at $8 million and an 18,000-square-foot retail center are now under construction.

Among the major industrial centers in the County are Clackamas Business Center, Clackamas Commerce Center, Clackamas Distribution Center, Clackamas Industrial Park, Cumberland Center, Cupples Station and Interstate Industrial Park. These parks are the location of approximately 690,000 square feet of buildings, with potential space for at least 786,000 more in the future. Acreage in these parks totals 553.

Lake Oswego

Two hotel chains have announced plans to build hotels in the vicinity of Kruse Way and I-5. Marriott Corp. plans to build a 146-room courtyard-style hotel on a 3.8-acre lot in the 35-acre Center-Pointe development. Ramada Inc. plans to construct a 180-room, seven-story hotel on a 3.5-acre site at the edge of Kruse Woods Office Park.

Lake Oswego's business park developments include Lake Oswego Commercenter, Lake Oswego Executive Park, Oregon Business Park II and PacTrust Business Center. Over 533,000 square feet of mixed-use space has been built on 44 acres in these areas.

Milwaukie

Milwaukie is a major industrial center in the Portland metropolitan area, with large concentrations of warehousing and distribution industries. According to the comprehensive plan, industry not only provides jobs but pays almost 30 percent of local property taxes as well.

Omark Industries, manufacturer of saw chains and cutting equipment, is the largest manufacturing employer in the City, with a work force of 964. In 1981, Omark completed a new divisional headquarters building of 75,000 square feet, containing both offices and manufacturing.

Major industrial parks in the Milwaukie area include Lincoln Business Center, Lincoln Distribution Center, Milwaukie Industry Center, Omark Business Center and P.S. Business Park, with over one million square feet of space built on 87 acres of land.

MULTNOMAH COUNTY

Multnomah County's total population was 566,200 in 1986. The largest cities in Multnomah County are Portland, with a population of 398,160, and Gresham, with 42,715.

Portland

Over the past five years, approximately five to six million square feet of office space has been developed in downtown Portland, bringing the total to 12.5 million square feet. The current vacancy rate is 18.5 percent, with a projected ten percent rate by 1990.

The City has completed a variety of public projects in Portland's downtown, such as park improvements, pedestrian and transportation improvements, and parking structure development. The Portland Development Commission reports that in total, over $1.7 billion in new investment has occurred in the downtown area since 1970.

One Financial Center will have 50,000 square feet of retail space and 310,000 square feet of office space when it is completed in the fall of 1987. The Pioneer Place project is planned for four blocks, which will be redeveloped to include 200,000 to 300,000 square feet of retail, 300,000 square feet of office, a major hotel and space for parking. Financial agreements have recently been completed, and construction is scheduled to begin in 1988.

A project called Riverplace developed restaurants, a hotel, condominiums and apartments, as well as a marina on the waterfront in the downtown area. An office complex is currently under construction there, and more land is available for development in the future.

On the east side of the Willamette River, Lloyd Center, a major regional shopping center, has recently been purchased; the new owners are planning a major renovation. The Oregon Museum of Science and Industry will move into a renovated Portland General Electric facility at the east foot of the Marquam Bridge (I-5).

The City plans to acquire the Union Station and property surrounding it, planning to redevelop the historic area and preserve the old railroad station.

Northwest Marine Iron Works has been awarded a $28.5 million U.S. Navy contract to overhaul and upgrade the destroyer USS Paul Foster. The 529-foot, 8,000-ton ship is scheduled to arrive in Portland June 29. The overhaul work could last up to a year and create an average of 400 to 475 jobs. The ship's crew of 261 will be housed in the Portland area during the repair. Northwest Marine Iron Works estimates the economic impact of the project at more than $100 million.

Harder Mechanical Contractors, Inc. was awarded a $2 million contract by Arco Alaska, Inc., to construct 20 oil modules for two drill sites at the Kuparuk oil field on Alaska's North Slope. It is anticipated that the project will employ about 140 workers for three months. This contract is the first phase of a project that could require an additional 50 to 60 modules for six other drilling sites.

Dedication ceremonies took place recently for the Oregon Health Science University's new Vollum Institute for Advanced Biomedical Research. The late Howard Vollum, founder of Tektronix Inc., bequeathed about $20 million to the center, which was followed by receipt of $20 million in federal monies and a $1.8 million bequest from M.J. Murdock Charitable Trust of Vancouver, Washington. According to Dr. Leonard Laster, OHSU President, the Vollum Institute's immediate economic impact will include up to 150 new jobs and a $1.5 million research budget that will grow to $5 million when the center is fully staffed.

Fremont Place, located on NW Front Avenue, south of the Fremont Bridge, is a two-phase commercial development project started in January 1986. Phase 1 included a two-story flex-space facility for office and light assembly; a 950-foot bulkhead at the edge of the Willamette River; improvements to the Greenway Trail; lighting and park benches. This first phase was completed in

July 1986 at a cost of $4.7 million. As of June 1987 the facility has a 70 percent occupancy rate according to Prendergast & Associates, the project's owner. Phase 2 is planned as a flex-space development similar in size and scope to the first phase.

Major industrial parks in Portland lie in the northwest, north and eastern parts of the City. In the northwest, Davis Industrial Park, Fremont Place, Guilds Lake Industrial Park, Marathon Guilds Lake, Northwest Corporate Park and Yeon Business Center account for a total of 86 acres, with approximately 1.5 million square feet of space already built, and the potential for approximately 130,000 square feet remaining. In the north, Mocks Landing Industrial Park, Port Center, Swan Island Industry Center and Swan Island Industrial Park together cover 620 acres, with 4.3 million square feet of space already built and the potential for 3.1 million square feet remaining. To the east, in the Columbia Corridor along the Columbia River, are 19 industrial parks, the largest of which are the Rivergate Industrial District (owned by the Port of Portland), International Terminals, Sivers Industrial Park, Hayden Meadows, Bernard Commerce Center, Columbia Boulevard Industrial Park and Airport Business Center. Total acreage in the 19 parks is 3,905; over 5 million square feet has been built, with a potential for at least 2.7 million more.

Industrial development in east Multnomah County includes the Banfield Industrial Park, Rockwood Industrial Park and Schmidt Industrial Park, with 293 acres. Together, these parks have the potential for approximately 3.8 million square feet of buildings; of this, 2.2 million square feet have been built.

Gresham

Albertson's, Inc., Boise-based chain of 454 supermarkets in 17 states, plans to build a 540,000-square-foot distribution center on a 66-acre tract south of I-84 at NE 181st Avenue. Construction cost of the center is estimated at $50 million, with an additional $20 million in inventory. According to information published by First Interstate Bank's Economic Research department, the center is expected to create 350 jobs with an annual payroll exceeding $10 million. Payroll and property taxes are expected to total more than $4 million.

In the Gresham area, major parks include the Birdsdale Industrial Park, Banfield Corporate Park, Clear Creek Business Park and Rockwood Industry Center, with 67 acres of land and 213,700 square feet of space.

Metro estimates an industrial land inventory of approximately 1,200 acres in Gresham. Of that total, improvements are available on 500-550 acres, with 250 acres currently in use. The near doubling of available industrial land from a previously zoned 631 acres was brought about with the Phase I annexation of 1,232 acres to the northwest of the City. Currently, two major industrial sites are being developed in northern Gresham. The ten-member East Multnomah County Economic Development Commission has designed a development strategy for the newly annexed area to the west of the City.

Recent growth in the City has brought an increase in retail businesses; new shopping centers have opened within the last few years, making Gresham the major retail center in east Multnomah County. Total retail sales for Multnomah County increased from $3,207,471,000 in 1980 to $4,061,500,000 in 1985.

WASHINGTON COUNTY

Washington County is the fastest growing county in the state, with a total population of 273,300 in 1986. The largest cities in the County are Beaverton, with a population of 35,025; Hillsboro, with 30,520; Tigard, 20,765; Forest Grove, 11,930; and Tualatin, 10,625.

Sunset Corridor and Unincorporated Areas

Much of the industrial activity in Washington County has occurred in the Sunset Corridor, which comprises 9,000 acres of land on both sides of the Sunset Highway (Highway 26), between Murray Road and the City of Hillsboro.

One of the major developments in the Corridor has been undertaken by Standard Insurance Company. Standard has presented a twenty-year plan to develop 650 acres of land adjacent to the Sunset Highway from Northwest 158th Avenue west to Cornelius Road. Plans call for a multi-use development with light industrial and office space as well as a residential development. Also included in the planned development is the expansion of Tanasbourne Mall. The mall, which currently has 160,000 square feet, will be expanded to one million square feet, making it comparable with other regional shopping centers in the metropolitan area.

A number of buildings have been completed in the Twin Oaks Business Park within the past two to three years. Quadrant Corporation built the $5.5 million, 94,000-square-foot Technology Center, which consists of six buildings. In addition, Quadrant has built a 60,000-square-foot multi-purpose building, a 14,000-square-foot office building, a 25,000-square-foot electronics assembly facility (occupied by Tektronix), and a 25,000-square-foot office building. Two new buildings were added in 1986, each with 30,000 square feet of space. Almac Electronics occupies a $1.5 million distribution facility in the park. Earlier development at that location included another 66,000 square feet of space leased to high technology companies.

The Oregon Graduate Center Science Park was established in 1982 and now is the site of six multiuse buildings, two of which were completed in the summer of 1986. A seventh building was completed in June 1987, which brings total square feet of buildings in the park to 367,000. Planar Systems plans to build a 60,000-square-foot manufacturing facility in the park in 1987. The purpose of the park is to provide space for high technology research and development, with eventual manufacture of the new products.

Cornell Oaks Associates is developing the 112-acre Cornell Oaks Corporate Center. Over the past six years, the first two phases of building have been completed, with 225,000 square feet of high technology light industrial and office space. Lattice Semiconductor occupies 162,000 square feet of this space. Phase III A was completed in the spring of 1986, adding 128,000 square feet of similar space. Construction is beginning on Phase III B, a three-story, 175,000-square-foot building that is scheduled to open in the spring of 1987. Groundbreaking for another building, with 40,000 square feet of space, is planned for mid-1987.

Groundbreaking took place in early June 1987 for a new 75,000-square-foot assembly facility for Sequent Computer Systems, in the Koll Woodside Center. Nike plans to consolidate nine facilities in one 74-acre office park, which is being developed by Prendergast and Associates near Beaverton. Nike's world headquarters will be a $25 to $30 million project and is expected to be completed in 1989. The remainder of the park will be developed over the next eight years.

The Sunset Corridor Association began in 1982 with local landowners working towards a comprehensive plan for development which would control growth in the area while working towards multi-use development. The association plays a major role in monitoring landscape, sign and structural design in the Corridor. In the intervening years, membership has increased to almost 150 owners and organizations. The efforts of the organization have centered around lobbying efforts for land-use issues and marketing efforts locally, nationally and internationally.

With the expansion of industrial activity in the County, commercial activity has also increased. Along the major highways and thoroughfares, commercial centers have been constructed to serve both the manufacturing interests and the expanded population base. Numerous neighborhood shopping centers have been developed providing growth opportunities for smaller businesses. Commercial strip areas have been developed and in some cases renovated. Cascade Plaza has been renovated and expanded by 33,000 square feet, an investment of $4.2 million by the Mark Fisher Co. Other commercial activity includes Park Street Center, the Tanasbourne Mall expansion referred to in the above industrial section, and Pacific Crossroads, a 39,000-square-foot retail/commercial center.

Washington Square, one of the four largest retail centers in the metropolitan area, has also undergone renovations and expansions in the past three years. Meier & Frank added 32,000 square feet of retail space, and Sears Roebuck Company expanded its store, investing $1 million. Winmar Pacific developed Square Two, an addition of 92,000 square feet of retail space.

The Embassy Suites Hotel opened in February 1987 on 7.5 acres adjacent to Washington Square. The $15-million, nine-story hotel has 238 suites.

Kaiser Permanente has completed a $5.1 million outpatient clinic on 50 acres near Hillsboro. The 40,000-square-foot, two-story building was completed early in 1987 and opened in June. The site allows for future expansion of the clinic.

Beaverton

There are approximately 410 acres of vacant industrial land in Beaverton, all of which are serviced with water, sewer and roads. Much of this land is zoned for industrial parks. There are 19 industrial parks in the Beaverton area with over 3.3 million square feet of buildings on 1,167 acres; the major industrial parks are Koll Center, Beaverton Tech Center and Nimbus Technology Park.

Hillsboro

Approximately 1,775 acres of industrially zoned land in Hillsboro are vacant, according to the Metropolitan Service District survey. There are 14 industrial parks in the Hillsboro area, with over 1.7 million square feet of space built on 1,217 acres.

Hawthorne Farms Industrial Park, in the eastern part of the City, is the location of Intel Corporation's major facilities, including three completed and one partially completed buildings. The company also leases space at other locations: two buildings in the Twin Oaks Business Park, two buildings in the Cornell Oaks Industrial Park, and two buildings in the Hillsboro area.

NEC America, the U.S. Subsidiary of Japan's Nippon Electric Company, purchased a 210-acre site in Hillsboro and built a fiber optics plant there. Operations began in 1985; current employment is 170. The company plans to build five buildings, for a total of 571,000 square feet, over the next ten years.

Dawson Creek Park is a 319-acre industrial park now being developed in Hillsboro near the airport. Roads and sewer and water lines are being installed. Eventually the park will have 3.5 million square feet of manufacturing and office space.

Tigard

According to the Metropolitan Service District, there are approximately 202 acres of vacant industrial land in Tigard; most of this is zoned for light industry.

Industrial development in Tigard is concentrated west of Interstate 5, along the Burlington Northern and Southern Pacific railroad tracks, and along Southwest 72nd Avenue south of Highway 217. A number of business and industrial parks have been developed in the City over the past few years.

There are seven major industrial parks in Tigard: Tigard Industrial Park, Tech Center Business Park, the Koll Business Center-Tigard, Oregon Business Park I and II, PacTrust Business Center, and Park 217. Over 553,000 square feet of buildings have been built there over the past few years, on approximately 110 acres.

Tualatin

Over $3.6 million was invested in industrial projects in the City of Tualatin in 1984, over $4.7 million in 1985, and over $9.7 million in 1986.

Local industrial parks have attracted many new and relocating firms to Tualatin: Teton Industrial Park, Herman Road Business Center, Itel Industrial Park, Herman Road Industrial Park, Argonaut Park, and Sijota Industrial Park. Over 643,000 square feet of space have been developed in these areas.

The potential for industrial development is highlighted by the availability of a 217-acre parcel of land, fully serviced and ready to build, to the northwest of the Urban Renewal District. This is one of the few sites of its type in the metropolitan area. Within the Urban Renewal District, two large blocks of land have been designated for light and general manufacturing.

UTILITIES

Electricity is provided in the metropolitan area by Portland General Electric Company, Pacific Power and Light Company, and, in the Forest Grove area, by Forest Grove Power and Light. (See Appendix B for a description of these firms' relationships to the Washington Public Power Supply System.)

Telephone service is provided by Pacific Northwest Bell Telephone Company and General Telephone Company of the Northwest. Northwest Natural Gas Company supplies natural gas service.

PUBLIC FACILITIES

Sewer

The Unified Sewerage Agency provides treatment facilities, trunks and interceptors for a majority of the cities in Washington County, and the cities provide the collection systems. In Clackamas County, Clackamas County Service District 1 provides sewerage service to a portion of the unincorporated area, the Tri-City Service District provides service to three cities, and the larger cities provide their own systems. In Multnomah County, the cities of Portland and Gresham have their own systems and also serve some of the unincorporated area. Much of the unincorporated area between the two cities is unsewered and relies on septic tanks. (See Future Debt Plans of Overlapping Taxing Districts.)

Water

Most cities within the District have their own water systems. In some areas, water districts provide water to residents, mainly in unincorporated portions of Metro. Major water sources include the Bull Run Watershed, the Tualatin River system, and wells.

Fire Protection

Fire protection is provided by the cities, and by rural fire protection districts in areas outside cities.

Police

All of the major cities and most of the smaller cities have their own police departments. In the unincorporated areas of the counties, each county's sheriff's department provides police protection.

TRANSPORTATION

The Portland metropolitan area is a leading warehousing and distribution center in the Pacific Northwest, serving a market area of approximately seven million people. Located at the head of deep-water navigation on the Columbia River system, it has substantial geographic and economic advantages for the shipment of freight.

In tonnage of total waterborne commerce, Portland is ranked as the third largest port on the West Coast, after Long Beach and Los Angeles. Exports include wheat and barley, forest products (logs, lumber, plywood and wood chips), pulp and paper, scrap metal and aluminum products. Imports include ore (limestone, iron ore and alumina), iron and steel products, petroleum products, salt, automobiles and trucks.

Upstream from Portland, the Columbia River provides the only water route through the Cascade Mountains to the agricultural area of eastern Oregon and Washington and northern Idaho. In addition, the Columbia River Gorge forms a corridor through the Cascades, which, because it is level, provides an economical rail and highway route between Portland and the region east of the mountains.

The metropolitan area also serves the Willamette River Valley, which extends approximately 145 miles south and is a diversified and productive agricultural region and food processing center. Interstate Highway 5 traverses the valley, connecting the region with metropolitan areas to the north and south. Interstate Highway 84 begins in Portland and is a major connection with regions to the east. Three transcontinental railroads serve the metropolitan area.

The Portland International Airport, located in the northeastern part of the three-county area, is operated by the Port of Portland and is served by major national and international airlines. Five million passengers passed through the airport in 1985. Also operated by the Port are feeder airports near Hillsboro and Troutdale. A third feeder airport is planned for the Clackamas County area, with construction expected to begin in 1987.

The Tri-County Metropolitan Transportation District (Tri-Met), the regional public transit agency, provides bus service throughout the region. Tri-Met's new 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.

TOURISM AND RECREATION

Portland serves as the center of the state's tourism industry, which is the third largest industry. Attractions include the Pacific Coast, the Cascade and Coast mountain ranges, and the wilderness areas of eastern and southern Oregon. Sightseeing, hunting, fishing, boating, skiing, hiking, backpacking and mountain climbing are among the activities that draw visitors to the state each year. According to the Oregon Tourism Division, in 1985, direct spending by visitors to Oregon amounted to \$2.6 billion. Expenditures by domestic and foreign travelers in the state that year generated approximately \$90 million in state and local tax revenues.

Within the metropolitan area, Metro's Washington Park Zoo, the Oregon Museum of Science and Industry, the Rose Garden and the Japanese Garden provide recreation in the summer and throughout the year. Other activities include boating on the Willamette and Columbia rivers, attending the parade and other events of the annual Rose Festival, and taking part in the annual Mount Hood Jazz Festival.

Major cultural attractions include the Portland Art Museum and many small galleries; the Portland Opera, the Oregon Symphony Orchestra, the Portland Youth Philharmonic, and many other musical organizations; and the Oregon Historical Society Museum.

Accommodations for tourists and other visitors to the metropolitan area include nineteen major hotels and motels, with 11,000 first-class rooms. Major resorts in the state outside the metropolitan region include Sunriver Lodge and Resort, Salishan Lodge, Kah Nee Ta Resort and Convention Center, The Inn at Spanish Head, Timberline Lodge and the Flying "M" Ranch.

EDUCATION

Public institutions of higher education include Portland State University, a four-year university offering undergraduate degrees in 29 fields and graduate degrees in over 30 fields; and the Oregon Health Sciences University, which includes a medical school, a dental school and a school of nursing.

Private four-year colleges in the area include Lewis and Clark College, the University of Portland, Reed College, Pacific University, Warner Pacific College, Concordia College and Columbia Christian College. Two-year degrees are offered at Portland, Mount Hood and Clackamas community colleges.

The Oregon Graduate Center offers advanced degrees in scientific and technological areas. Surrounding the Center is a research-and-development oriented industrial park.

HOUSING

According to the 1980 Census, there were 431,131 housing units in the metropolitan area. Metro forecasts that figure to increase to 484,894 by 1990, and to 608,159 by 2005. The highest growth rates are forecast for Washington County, which has been the fastest growing county in the state.

TABLE 41
METROPOLITAN SERVICE DISTRICT
BUILDING ACTIVITY

CLACKAMAS COUNTY

Year	Number of Permits: Single Family	Number of Permits: Multi-Family	Total Residential Costs: Construction and Alterations (in $000)	Total Non-Residential Costs: Construction and Alterations (in $000)
1980	1,459	359	$123,153	$140,930
1981	983	699	105,849	80,683
1982	536	150	56,953	32,074
1983	909	113	96,467	44,382
1984	860	288	98,494	42,633
1985	1,028	1,115	146,228	59,244
1986	1,062	1,071	153,431	73,712
MULTNOMAH COUNTY				
1980	1,355	1,371	138,364	257,136
1981	971	577	103,500	261,494
1982	558	538	68,714	188,660
1983	963	363	110,478	103,949
1984	847	501	89,217	141,713
1985	757	316	79,505	201,411
1986	846	429	94,498	215,927
WASHINGTON COUNTY				
1980	1,991	1,136	354,530	83,819
1981	1,310	936	94,105	83,680
1982	865	372	64,063	62,039
1983	1,260	156	89,621	55,019
1984	1,338	414	107,471	124,423
1985	1,548	2,287	180,901	135,741
1986	1,834	1,273	177,678	92,426

Source: State of Oregon Department of Commerce, Housing Division.

TABLE 42
METROPOLITAN SERVICE DISTRICT
HOUSING VACANCY RATES

Survey Date	All Housing Types	Single-Family Units	Multi-Family Units	Mobile Homes
	Portland PMSA*			
Oct. 1976	1.6%	1.0%	3.7%	2.4%
Nov. 1977	1.4	1.0	2.6	1.3
Nov. 1978	1.7	1.2	3.0	1.8
Oct. 1979	1.6	1.3	2.4	1.4
Sep. 1980	2.6	1.6	5.3	3.6
Sep. 1981	2.6	1.6	5.5	3.2
Sep. 1982	3.6	2.3	6.9	2.8
Sep. 1983	3.5	2.6	5.7	3.2
Oct. 1984	3.3	2.8	4.6	4.1
	Clackamas County			
Oct. 1976	1.4%	0.9%	3.8%	3.3%
Nov. 1977	1.2	0.9	2.6	0.4
Nov. 1978	1.2	1.0	2.0	0.8
Oct. 1979	1.3	1.1	2.4	0.7
Sep. 1980	1.6	1.2	3.6	2.0
Sep. 1981	1.9	1.4	4.2	2.4
Sep. 1982	2.1	1.6	4.8	1.1
Sep. 1983	2.4	1.9	4.7	2.7
Oct. 1984	2.2	1.9	3.5	1.8
	Multnomah County			
Oct. 1976	1.5%	1.0%	3.5%	1.3%
Nov. 1977	1.3	1.0	2.3	0.7
Nov. 1978	1.7	1.3	2.9	1.7
Oct. 1979	1.6	1.4	2.4	1.1
Sep. 1980	2.7	1.7	5.3	2.6
Sep. 1981	2.6	1.6	5.3	2.9
Sep. 1982	3.6	2.3	6.5	3.4
Sep. 1983	3.6	2.7	5.7	3.5
Oct. 1984	3.5	3.0	4.8	4.9
	Washington County			
Oct. 1976	1.4%	0.8%	3.3%	2.6%
Nov. 1977	1.0	0.8	1.4	1.4
Nov. 1978	1.6	1.0	3.2	3.4
Oct. 1979	1.2	1.0	1.8	1.3
Sep. 1980	2.3	1.3	5.1	1.8
Sep. 1981	2.7	1.4	5.9	2.7
Sep. 1982	3.9	2.2	8.0	2.4
Sep. 1983	3.2	2.6	5.0	2.0
Oct. 1984	3.0	2.3	4.6	4.3

*Includes Clackamas, Multnomah and Washington counties in Oregon and Clark County, Washington, for 1976 through 1983. Yamhill County, Oregon, is added in 1984.

NOTE: Based on housing vacancy surveys by U.S. mail carriers. Reported by housing type rather than by tenure (owner-occupied or renter-occupied).

Source: Federal Home Loan Bank of Seattle.

INFORMATION SOURCES

Historical data have been collected from generally accepted standard sources, usually from public bodies. In Oregon, data are frequently available for counties and, to a somewhat lesser degree, for cities. This statement presents data for the Portland Primary Metropolitan Statistical Area and for the counties and cities in the Metropolitan Service District's boundaries.

LITIGATION

There is no litigation pending questioning the official existence of the District, the validity of the Bonds, or the power and authority of the District to issue the Bonds.

LEGAL MATTERS

Lindsay, Hart, Neil & Weigler of Portland, Oregon, Bond Counsel for the District, will render an opinion with respect to the validity of and tax exemption on the Bonds. A copy of such opinion of Bond Counsel will be printed on the Bonds, and may be found in Appendix D.

Certain legal matters incident to the Authorization, issuance and sale of the Bonds are subject to the approval of the District's legal counsel.

FINANCIAL ADVISOR

Government Finance Associates, Inc., serves as financial advisor to the District on matters relating to debt management.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

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

CONCLUDING STATEMENT

The Official Statement was prepared by Government Finance Associates on behalf of the District. The undersigned certifies that to the best of my knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit 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 the Official Statement and the date of delivery of the Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the District except as set forth in or contemplated by the Official Statement.

METROPOLITAN SERVICE DISTRICT OF OREGON

Raymond A. Phelps, Jr.
Director of Finance and Administration

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APPENDICES

APPENDIX A

JUNE 30, 1986, AUDITED FINANCIAL REPORT

(Partial)

Annual Financial Report

Fiscal Year Ended
June 30, 1986

Metropolitan Service District, Oregon

- Independent auditor's report on examination of Financial Statements and Supplementary Data
- Audit comments and disclosures required by state regulations and the Single Audit Act of 1984
- Prepared by Metro's Finance and Administration Department

METRO

METROPOLITAN SERVICE DISTRICT

Combined Balance Sheet -
All Fund Types and Account Groups

June 30, 1986

	Governmental Fund types			Proprietary Fund types		Fiduciary Fund type	Account groups		
Assets	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	Total (memorandum only)
Cash and investments	$ 429,745	2,060,081	6,027,791	4,782,964	3,014	3,469,994	-	-	16,773,589
Receivables:									
User and landfill fees, net of allowance for doubtful accounts of $21,620	-	-	-	1,248,324	-	-	-	-	1,248,324
Property taxes	-	805,268	-	-	-	-	-	-	805,268
Federal grants	-	21,473	-	-	-	-	-	-	21,473
State and local grants/contracts	-	89,524	-	-	-	157	-	-	89,681
Other	2,994	29,703	-	620	-	44,507	-	-	77,824
Inventory of materials and supplies	-	140,570	-	-	-	-	-	-	140,570
Other assets	8,346	10,650	-	2,886	21,972	-	-	-	43,854
Restricted assets -									
Cash and investments	13,489	-	127,418	1,586,503	-	-	-	-	1,727,410
Fixed assets, net	-	-	-	7,330,481	-	-	22,092,737	-	29,423,218
Other debits:									
Amount to be provided for payment of capital leases	-	-	-	-	-	-	-	166,911	166,911
Amount to be provided for payment of compensated absences	-	-	-	-	-	-	-	206,703	206,703
	$ 454,574	3,157,269	6,155,209	14,951,778	24,986	3,514,658	22,092,737	373,614	50,724,825

(Continued)

METROPOLITAN SERVICE DISTRICT

June 30, 1986

Rick Gustafson, Executive Officer

COUNCIL

Members	Representing	Term expires
Richard Waker, Presiding Officer	District 2	January 1, 1989
Jim Gardner, Deputy Presiding Officer	District 3	January 1, 1989
Bob Oleson, Councilor	District 1	January 1, 1987
Corky Kirkpatrick, Councilor	District 4	January 1, 1989
Tom DeJardin, Councilor	District 5	January 1, 1989
George Van Bergen, Councilor	District 6	January 1, 1987
Sharron Kelley, Councilor	District 7	January 1, 1987
John Frewing, Councilor	District 8	January 1, 1987
Hardy Myers, Councilor	District 9	January 1, 1989
Larry Cooper, Councilor	District 10	January 1, 1989
Marge Kafoury, Councilor	District 11	January 1, 1987
Gary Hansen, Councilor	District 12	January 1, 1987

Administrative Office: 2000 S. W. First Avenue
Portland, Oregon 97201-5398

Registered Agent: A. Marie Nelson

Address of Registered Office: 2000 S. W. First Avenue
Portland, Oregon 97201-5398

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
Suite 2000
1211 South West Fifth Avenue
Portland, Oregon 97204

To the Council
Metropolitan Service District
Portland, Oregon:

We have examined the combined financial statements of the Metropolitan Service District as of and for the year ended June 30, 1986, as listed in the accompanying table of contents. Our examination was made in accordance with generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned combined financial statements present fairly the financial position of the Metropolitan Service District at June 30, 1986 and the results of its operations and the changes in financial position of its proprietary fund types and similar trust fund for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund financial statements and schedules listed as supplementary data in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Metropolitan Service District. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

PEAT, MARWICK, MITCHELL & CO.

By Joseph F. Hoffman
Joseph F. Hoffman, Partner

October 1, 1986

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund

For the year ended June 30, 1986

	Governmental Fund types: General	Governmental Fund types: Special Revenue	Governmental Fund types: Capital Projects	Expendable Trust Fund	Total (memorandum only)
Revenues:					
Property taxes	$ -	5,245,281	-	-	5,245,281
Dues	608,411	-	-	-	608,411
Grants and contracts:					
Federal	-	493,600	-	-	493,600
State and local	-	327,530	-	-	327,530
Admissions	-	1,325,206	-	-	1,325,206
Charges for services	-	249,483	-	-	249,483
Vending and concessions	-	1,193,877	-	-	1,193,877
Donations and bequests	-	39,980	145,669	-	185,649
Documents and publications	4,831	-	-	-	4,831
Professional and contract service fees	5,805	169,794	-	-	175,599
Rehabilitation and enhancement fees	-	-	-	329,464	329,464
Interest	82,536	151,613	453,960	13,634	701,743
Miscellaneous	21,736	162,384	-	-	184,120
Total revenues	723,319	9,358,748	599,629	343,098	11,024,794
Expenditures:					
Current:					
General government operations	1,543,616	-	-	-	1,543,616
Zoo operations and development	-	5,335,450	11,442	-	5,346,892
Regional planning and development	-	1,252,122	-	9,330	1,261,452
Expense reimbursements - General Fund	-	916,350	-	-	916,350
Capital outlay	289,880	258,321	3,321,848	-	3,870,049
Total expenditures	1,833,496	7,762,243	3,333,290	9,330	12,938,359
Less administrative expense reimbursements:					
Solid Waste Enterprise Fund	645,292	-	-	-	645,292
Special Revenue Funds	916,350	-	-	-	916,350
Net expenditures	271,854	7,762,243	3,333,290	9,330	11,376,717

(Continued)

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund, Continued

	Governmental Fund types: General	Governmental Fund types: Special Revenue	Governmental Fund types: Capital Projects	Expendable Trust Fund	Total (memorandum only)
Revenues over (under) net expenditures	$ 451,465	1,596,505	(2,733,661)	333,768	(351,923)
Other financing sources (uses):					
Operating transfers in	-	745,411	2,448,123	-	3,193,534
Operating transfers out	(688,975)	(2,498,123)	-	-	(3,187,098)
Revenues and other sources over (under) net expenditures and other uses	(237,510)	(156,207)	(285,538)	333,768	(345,487)
Fund balances - June 30, 1985	529,520	1,932,279	6,164,036	-	8,625,835
Fund balances - June 30, 1986	$ 292,010	1,776,072	5,878,498	333,768	8,280,348

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Combined Balance Sheet -
All Fund Types and Account Groups, Continued

Liabilities and Fund Equity	Governmental Fund types			Proprietary Fund types		Fiduciary Fund type	Account groups		Total (memorandum only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	
Liabilities:									
Accounts payable	$ 81,426	298,154	100,971	684,610	783	-	-	-	1,165,944
Salaries, withholdings and payroll taxes payable	60,284	255,643	1,848	89,106	-	-	-	-	406,881
Accrued interest	-	-	-	143,387	-	-	-	-	143,387
Contracts payable	-	3,614	46,474	3,349	-	-	-	-	53,437
Deferred revenue	-	781,738	-	-	-	-	-	-	781,738
Expenditures by subgrantees in excess of advances	-	-	-	-	-	157	-	-	157
Due to other agencies	5,393	-	-	-	-	820,720	-	-	826,113
Unearned grant revenue	-	33,328	-	-	-	-	-	-	33,328
Payable from restricted assets:									
Contracts payable	13,489	-	127,418	411,963	-	-	-	-	552,870
Post-closure costs payable	-	-	-	1,174,540	-	-	-	-	1,174,540
Loans payable	-	-	-	5,681,000	-	-	-	-	5,681,000
Obligations under capital leases	-	-	-	-	-	-	-	166,911	166,911
Liability for compensated absences	-	-	-	-	-	-	-	206,703	206,703
Pension benefits payable	-	-	-	-	-	2,360,013	-	-	2,360,013
Other	1,972	8,720	-	-	-	-	-	-	10,692
Total liabilities	162,564	1,381,197	276,711	8,187,955	783	3,180,890	-	373,614	13,563,714
Fund equity:									
Contributed capital, net	-	-	-	1,421,023	-	-	-	-	1,421,023
Investment in general fixed assets	-	-	-	-	-	-	22,092,737	-	22,092,737
Retained earnings	-	-	-	5,342,800	24,203	-	-	-	5,367,003
Fund balances - Unreserved	292,010	1,776,072	5,878,498	-	-	333,768	-	-	8,280,348
Total fund equity	292,010	1,776,072	5,878,498	6,763,823	24,203	333,768	22,092,737	-	37,161,111
Commitments and contingencies									
Total liabilities and fund equity	$ 454,574	3,157,269	6,155,209	14,951,778	24,986	3,514,658	22,092,737	373,614	50,724,825

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Proprietary Fund Types and Similar Trust Fund

For the year ended June 30, 1986

	Proprietary fund types		Fiduciary fund type	Total
	Enterprise	Internal Service	Pension Trust	(memorandum only)
Operating revenues:				
Disposal fees	$ 6,447,199	-	-	6,447,199
User fees	1,757,764	-	-	1,757,764
Regional transfer charge	2,295,381	-	-	2,295,381
Convenience charge	752,916	-	-	752,916
Landfill siting and rehabilitation fees	491,776	-	-	491,776
Rental and lease income	68,028	-	-	68,028
Receipts in lieu of rent	666,037	-	-	666,037
Parking fees	31,583	-	-	31,583
Charges for services	-	319,797	-	319,797
Change in investment value	-	-	339,168	339,168
Pension contributions	-	-	452,530	452,530
Miscellaneous	65,538	-	-	65,538
Total operating revenues	12,576,222	319,797	791,698	13,687,717
Operating and administrative expenses:				
Payroll and fringe benefits	908,903	-	-	908,903
St. Johns Landfill operating contract, including $360,384 rent	3,277,784	-	-	3,277,784
Clackamas Transfer & Recycling Center operating contract	2,040,805	-	-	2,040,805
Depreciation	414,053	-	-	414,053
Rent and payments in lieu of rent	625,547	-	-	625,547
Payment of administrative expenses to the General Fund	645,292	-	-	645,292
Payment to IRC Fund for services	6,436	-	-	6,436
Insurance expense	54,185	299,872	-	354,057
Post-closure costs	451,550	-	-	451,550
Payment of landfill siting and rehabilitation fees	1,203,574	-	-	1,203,574
Other materials and services	834,570	-	-	834,570
Pension benefits	-	-	548,578	548,578
Distribution to participants	-	-	243,120	243,120
Total operating and administrative expenses	10,462,699	299,872	791,698	11,554,269
Income from operations	2,113,523	19,925	-	2,133,448

(Continued)

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Proprietary Fund Types and Similar Trust Fund, Continued

	Proprietary fund types		Fiduciary fund type	Total
	Enterprise	Internal Service	Pension Trust	(memorandum only)
Nonoperating revenues (expenses):				
Interest and other earnings on investments	$ 344,795	4,278	-	349,073
Interest expense	(376,755)	-	-	(376,755)
Nonoperating revenues (expenses), net	(31,960)	4,278	-	(27,682)
Net income	2,081,563	24,203	-	2,105,766
Depreciation on fixed assets that reduces contributed capital	63,641	-	-	63,641
Increase in retained earnings	2,145,204	24,203	-	2,169,407
Retained earnings/fund balance - June 30, 1985	3,197,596	-	-	3,197,596
Retained earnings/fund balance - June 30, 1986	$ 5,342,800	24,203	-	5,367,003

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Trust Fund

For the year ended June 30, 1986

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
Revenues:						
Property taxes	$ -	-	-	5,023,100	5,245,281	222,181
Dues	608,411	608,411	-	-	-	-
Grants and contracts:						
Federal	-	-	-	677,247	493,600	(183,647)
State and local	-	-	-	354,964	327,530	(27,434)
Admissions	-	-	-	1,244,150	1,325,206	81,056
Charges for services	-	-	-	238,400	249,483	11,083
Vending and concessions	-	-	-	1,165,925	1,193,877	27,952
Donations and bequests	-	-	-	60,000	39,980	(20,020)
Documents and publications	3,000	4,831	1,831	-	-	-
Professional and contract service fees	38,700	5,805	(32,895)	452,425	169,794	(282,631)
Interest	95,000	82,536	(12,464)	155,000	151,613	(3,387)
Miscellaneous	2,000	21,736	19,736	171,489	162,384	(9,105)
Total revenues	747,111	723,319	(23,792)	9,542,700	9,358,748	(183,952)
Expenditures:						
Current:						
General government operations	1,673,377	1,543,616	129,761	-	-	-
Zoo operations and development	-	-	-	5,112,841	4,981,295	131,546
Regional planning and development	-	-	-	1,414,360	959,026	455,334
General operating contingency	32,023	-	32,023	167,369	-	167,369
Capital outlay	290,444	289,880	564	421,219	258,321	162,898
Total expenditures	1,995,844	1,833,496	162,348	7,115,789	6,198,642	917,147
Revenues over (under) expenditures	(1,248,733)	(1,110,177)	138,556	2,426,911	3,160,106	733,195
Other financing sources (uses):						
Operating transfers in	1,787,423	1,561,642	(225,781)	1,009,589	745,411	(264,178)
Operating transfers out	(988,409)	(688,975)	299,434	(4,307,039)	(4,061,724)	245,315
Total other financing sources (uses)	799,014	872,667	73,653	(3,297,450)	(3,316,313)	(18,863)
Revenues and other sources over (under) expenditures and other uses	(449,719)	(237,510)	212,209	(870,539)	(156,207)	714,332
Fund balances - June 30, 1985	529,520	529,520	-	1,845,539	1,932,279	86,740
Fund balances - June 30, 1986	$ 79,801	292,010	212,209	975,000	1,776,072	801,072

See accompanying notes to combined financial statements.

	Capital Projects Fund			Expendable Trust Fund			Total (memorandum only)		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable	Budget	Actual	Variance favorable (unfavorable)
Revenues:									
Property taxes	-	-	-	-	-	-	5,023,100	5,245,281	222,181
Dues	-	-	-	-	-	-	608,411	608,411	-
Grants and contracts:									
Federal	-	-	-	-	-	-	677,247	493,600	(183,647)
State and local	-	-	-	-	-	-	354,964	327,530	(27,434)
Admissions	-	-	-	-	-	-	1,244,150	1,325,206	81,056
Charges for services	-	-	-	-	-	-	238,400	249,483	11,083
Vending and concessions	-	-	-	-	-	-	1,165,925	1,193,877	27,952
Donations and bequests	300,000	145,669	(154,331)	-	-	-	360,000	185,649	(174,351)
Documents and publications	-	-	-	-	-	-	3,000	4,831	1,831
Professional and contract service fees	-	-	-	-	-	-	491,125	175,599	(315,526)
Interest	433,540	453,960	20,420	11,270	13,634	2,364	694,810	701,743	6,933
Miscellaneous	-	-	-	-	-	-	173,489	184,120	10,631
Total revenues	733,540	599,629	(133,911)	11,270	13,634	2,364	11,034,621	10,695,330	(339,291)
Expenditures:									
Current:									
General government operations	-	-	-	-	-	-	1,673,377	1,543,616	129,761
Zoo operations and development	15,825	11,442	4,383	-	-	-	5,128,666	4,992,737	135,929
Regional planning and development	-	-	-	333,270	9,330	323,940	1,747,630	968,356	779,274
General operating contingency	-	-	-	-	-	-	199,392	-	199,392
Capital outlay	5,856,396	3,321,848	2,534,548	-	-	-	6,568,059	3,870,049	2,698,010
Total expenditures	5,872,221	3,333,290	2,538,931	333,270	9,330	323,940	15,317,124	11,374,758	3,942,366
Revenues over (under) expenditures	(5,138,681)	(2,733,661)	2,405,020	(322,000)	4,304	326,304	(4,282,503)	(679,428)	3,603,075
Other financing sources (uses):									
Operating transfers in	2,448,123	2,448,123	-	322,000	329,464	7,464	5,567,135	5,084,640	(482,495)
Operating transfers out	-	-	-	-	-	-	(5,295,448)	(4,750,699)	544,749
Total other financing sources (uses)	2,448,123	2,448,123	-	322,000	329,464	7,464	271,687	333,941	62,254
Revenues and other sources over (under) expenditures and other uses	(2,690,558)	(285,538)	2,405,020	-	333,768	333,768	(4,010,816)	(345,487)	3,665,329
Fund balances - June 30, 1985	5,513,939	6,164,036	650,097	-	-	-	7,888,998	8,625,835	736,837
Fund balances - June 30, 1986	2,823,381	5,878,498	3,055,117	-	333,768	333,768	3,878,182	8,280,348	4,402,166

(b) Cash and Investments

Cash and investments consist of each fund's portion of pooled cash balances, time certificates of deposit, and investments in the State Investment Pool. Such investments are stated at cost, which approximates market. Interest earned on investments is allocated monthly based upon each fund's average monthly cash balance.

(c) Property Taxes Receivable

Uncollected property taxes are shown on the combined balance sheet as a receivable. Property taxes collected and remitted to Metro by county treasurers within approximately 60 days of fiscal year end are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Property taxes become a lien against the property as of January 1 for personal property and on July 1 for real property and are payable in three installments which are due on November 15, February 15 and May 15.

(d) Inventory of Materials and Supplies

Inventory, comprised primarily of food and gift shop items held for resale, are valued at cost (first-in, first-out method) and charged as expenditures upon sale.

(e) Zoo Specimens and Animal Food

The cost of acquiring zoo specimens and the cost of animal food are charged against operations as such costs are incurred.

(f) Materials and Volunteer Services Donated to Zoo

Donated materials relating to improvements are recorded at estimated fair values when received. Other volunteer services and donated supplies are not accounted for in the combined financial statements as there is no reasonable basis for valuing these donations.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(g) General Fixed Assets

Fixed assets purchased by Metro are stated at cost. Fixed asets acquired by donation from the City of Portland and the Portland Zoological Society are stated at the basis of the predecessor entity. All other donated fixed assets are stated at estimated fair market value when received. Purchases of fixed assets are recorded as capital outlay expenditures in the Governmental Funds and capitalized in the General Fixed Assets Account Group. Depreciation is not recorded on general fixed assets. Maintenance and repairs are charged to expenditures in various Governmental Funds as incurred and not capitalized. Upon disposal, the General Fixed Assets Account Group is relieved of the asset's original cost or other basis; any receipt from such disposal is accounted for as revenue in the General Fund or Special Revenue Funds.

(h) Proprietary Fund Type Fixed Assets

Fixed assets are stated at cost. Normal maintenance and repairs are charged to operations as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years. Gains or losses realized from sales or retirements are credited or charged to operations.

(i) Restricted Assets and Liabilities

Cash and investments have been restricted for future payment of retainages on several construction projects as well as future payment of post-closure costs to be incurred at the St. Johns Landfill.

(j) Capitalized Interest

Interest costs in the Proprietary Fund types are capitalized as part of the costs of fixed assets during the period of construction based on the related weighted average net borrowing costs incurred. Interest earned on temporary investments acquired with the proceeds of such borrowed funds from the date of the borrowing until the assets are ready for their intended use is used to reduce the interest costs capitalized on the constructed assets. During fiscal 1986, no interest costs were capitalized.

(Continued)

METROPOLITAN SERVICE DISTRICT

Combined Statement of Changes in Financial Position -
Proprietary Fund Types and Similar Trust Fund

For the year ended June 30, 1986

	Proprietary fund types		Fiduciary fund type	
	Enterprise	Internal Service	Pension Trust	Total (memorandum only)
Working capital provided from operations:				
Net income	$ 2,081,563	24,203	-	2,105,766
Add charges to operations not affecting working capital in the current year:				
Depreciation	414,053	-	-	414,053
Post-closure costs	451,550	-	-	451,550
Working capital provided from operations	2,947,166	24,203	-	2,971,369
Increase in pension benefits payable	-	-	551,416	551,416
Total working capital provided	2,947,166	24,203	551,416	3,522,785
Working capital used:				
Decrease in liabilities payable from restricted assets - contracts payable	605,516	-	-	605,516
Additions to plant and equipment	726,960	-	-	726,960
Current maturities of loan payable	523,000	-	-	523,000
Increase in restricted assets	569,027	-	-	569,027
Total working capital used	2,424,503	-	-	2,424,503
Increase in working capital	$ 522,663	24,203	551,416	1,098,282
Elements of net increase (decrease) in working capital:				
Cash and investments	316,049	3,014	539,502	858,565
Receivables	(116,783)	-	11,914	(104,869)
Inventory and other assets	(1,285)	21,972	-	20,687
Accounts, salaries and other payables	352,700	(783)	-	351,917
Contracts payable	27,112	-	-	27,112
Loan payable within one year	(55,130)	-	-	(55,130)
Increase in working capital	$ 522,663	24,203	551,416	1,098,282

See accompanying notes to combined financial statements.

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements

June 30, 1986

(1) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies utilized by the Metropolitan Service District (Metro) in preparation of the accompanying combined financial statements.

(a) Basis of Accounting

The Governmental Fund types, the Expendable Trust Fund and the Agency Funds are maintained using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become measurable and available and expenditures are recorded when the liability for them is incurred, except for:

- interfund transactions;
- revenues from grants and contracts which are recorded as earned.

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

- Federal and state grants;
- interest earned on temporary investments;
- property taxes received within approximately 60 days of the end of a fiscal year.

The Proprietary Fund types and Pension Trust Fund are accounted for utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

(Continued)

(p) Budget

A budget is prepared for each Governmental Fund type in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The original budget is adopted by the Council by resolution prior to the beginning of Metro's fiscal year (July 1 through June 30). Budget amounts shown in the combined financial statements include the original budget amounts and all appropriation transfer and amendment amounts approved by the Council. The ordinance authorizing appropriations for each fund establishes maximum authorized expenditure levels. Personal services, materials and services, capital outlay and other expenditures by department in the General Fund and total personal services, materials and services, capital outlay and other expenditures in all other budgeted funds are the levels of control established by ordinance. The detail budget document, however, is required to contain more specific, detailed information about the above mentioned expenditure categories. Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require the approval of the Council. Metro adopted two budget amendments, including one supplemental budget during the year ended June 30, 1986.

(q) Total (Memorandum Only) Columns

The total (memorandum only) columns in the combined financial statements represent an aggregate of the columnar statements by fund type and account group; they do not represent consolidated financial information.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(2) Organization and Operation

The Metropolitan Service District was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 268 to make available in the Portland metropolitan area public services not adequately available through previously authorized governmental agencies. Subject to the limitations of state law, Metro may provide the metropolitan aspects of sewerage, solid and liquid waste disposal, control of surface water, public transportation and zoo facilities. It may also provide local aspects of those public services that are transferred to the District by agreement between Metro and other public corporations, cities or counties. Formation of the District, which includes parts of Clackamas, Multnomah and Washington Counties, was approved by voters within the District on May 26, 1970.

The 1975 Oregon Legislature expanded ORS 268 to include operations and maintenance of zoo facilities. As a result of this legislation and the passage of a special tax levy, Metro began operation and funding of the Washington Park Zoo as of July 1, 1976. This was accomplished by the assumption of the assets and liabilities of the Portland Zoological Society, with the Society providing sufficient funds to pay past liabilities. In addition, pursuant to an agreement effective July 1, 1976, the City of Portland transferred ownership of land, buildings, animals and other assets related to the zoo, except for a railroad line and equipment subject to a perpetual lease agreement, to Metro.

By a vote of the electorate on May 23, 1978, as provided for by Chapter 665, Oregon Laws 1977, Regular Session, the Metro Council was expanded to consist of twelve part-time councilors, each elected on a nonpartisan basis from a single subdistrict. Additionally, approval was also granted, effective January 1, 1979, to abolish the Columbia Region Association of Governments and transfer its planning activities to Metro.

Included in the District's combined financial statements are all activities and organizations with which the District exercises oversight authority as demonstrated by financial interdependency and/or authoritative appointment of governing authority. The District has no potential component units.

(Continued)

(k) Grants

Unreimbursed expenditures for all grants in the Governmental Fund types due from grantor agencies are reflected in the combined financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the combined balance sheet.

Amounts received from grantor agencies for which Metro acts in a pass-through capacity are recorded in a Fiduciary Fund type as a liability.

Capital grants in Enterprise Funds restricted by the grantor for capital outlay projects are credited directly to contributed capital as received and the related project costs are capitalized as fixed assets. Contributed capital is subsequently reduced in an amount equivalent to the depreciation on such fixed assets.

Metro allocates indirect costs, primarily administrative costs, to grants in compliance with a cost allocation plan subject to the approval of Metro's cognizant agency. The plan in effect for fiscal 1986 allocated indirect costs to all grants which allow indirect costs at a rate of approximately 50% of the direct personnel costs.

(l) Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board and adopted by the Governmental Accounting Standards Board are classified as capital leases and the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the lease term. Capital leases of general fixed assets are recorded at the inception of the leases as expenditures and other financing sources in Governmental Fund types and as assets and liabilities in the General Fixed Asset and General Long-term Debt Account groups, respectively, at the present value of the minimum lease payments, using the interest rates stated in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the leases, is reported as a reduction of the capitalized lease obligation in the General Long-term Debt Account Group. Leases which do not meet the criteria of a capital lease are classified as operating leases and related rentals are charged to expenditures or expenses as appropriate.

(Continued)

(m) Transactions with Subgrantees

Expenditures by subgrantees in excess of advances represent amounts payable by Metro to agencies administering projects as part of overall grants administered by Metro.

(n) Interfund Transactions

It is Metro's policy to record certain administrative expenditures for other funds in the General Fund. Such expenditures are reimbursed by the various funds to the General Fund which accounts for such reimbursements as deductions from total expenditures. Additionally, certain operating revenues and expenditures under generally accepted accounting principles have been presented as transfers among funds for budgetary purposes in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all Governmental Fund types and Expendable Trust Funds. The amounts of such interfund charges are based upon management's estimates (which are periodically updated) as reflected in the operating budgets.

(o) Liability for Compensated Absences

Accumulated unpaid vacation benefits in the Governmental Fund types are recorded as expenditures to the extent they are expected to be liquidated with expendable available resources. The amount payable from future resources is recorded in the General Long-term Debt Account Group. Accumulated unpaid vacation benefits in the Proprietary Fund types are recorded as earned. Accumulated sick leave does not vest and is, therefore, recorded when leave is taken.

(Continued)

Fiduciary Fund Types

Agency Funds

Criminal Justice Assistance Fund - accounts for criminal justice grants to local jurisdictions. Metro acts in a custodial capacity for funds received and passed through to recipient jurisdictions.

Sewer Assistance Fund - accounts for funds from the State of Oregon Department of Environmental Quality (DEQ). Metro acts in a custodial capacity for funds received and passed through to local jurisdictions.

Transportation Technical Assistance Fund - accounts for Federal and state transportation planning grants received by Metro and passed through to local jurisdictions.

Pension Trust Fund

Pension Plan Fund - accounts for Metro's contributions to two defined contribution pension plans for the benefit of substantially all employees. Resources are contributions, based upon a percentage of participants' wages, and interest and other earnings on investments.

Expendable Trust Fund

St. Johns Rehabilitation and Enhancement Fund - accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around the St. Johns Landfill. Primary resources are rehabilitation and enhancement fees and interest on investments. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area.

Account Groups

General Fixed Assets - accounts for Metro's investment in fixed assets not recorded in the Proprietary Fund types.

General Long-term Debt - accounts for Metro's obligation under capital leases and accrued vacation liabilities payable from future resources.

(Continued)

METROPOLITAN SERVICE DISTRICT

Notes to Combined Financial Statements, Continued

(4) Cash and Investments

Unrestricted and restricted cash and investments are comprised of the following at June 30, 1986:

Cash:	
On hand	$ 23,850
Bank balances	200,783
In hands of fiscal agents	60,475
Investments:	
Oregon State Treasurer's short-term investment pool	9,364,215
Certificates of deposit, with interest rates of 6.4% and 6.6% maturing August 1, 1986	3,253,820
Bankers' acceptance, with interest rate of 6.72% maturing July 30,1986	2,983,300
Money market investments with financial institutions	299,050
Pooled short-term pension investments with fiduciaries	2,315,506
	$ 18,500,999

Cash and investments are reflected on the combined balance sheet as follows:

Unrestricted	$ 16,773,589
Restricted	1,727,410
	$ 18,500,999

(Continued)

(3) Description of Funds

Metro's financial operations are accounted for in the following funds and account groups:

Governmental Fund Types

General Fund

This fund accounts primarily for Metro's administrative activities. Principal resources of the fund are provided by dues assessed to member governmental bodies within Metro's district and reimbursements from other funds which benefit from General Fund activities. The dues assessment is based on the population within the member district. The 1986 rate was $.51 per person. Metro has the authority to assess this same rate through July 1, 1989.

Special Revenue Funds

These funds account for revenues from specific sources. Included are the following:

Convention, Trade and Spectator Facilities Fund - accounts for funding and operation of planning activities related to convention, trade and spectator facilities in the Metro region. Principal sources of revenues are contracts, intergovernmental agreements and state grants.

Intergovernmental Resource Center Fund - accounts for funding and operation of planning activities in the area of data services, transportation, development services and criminal justice. Principal sources of revenues are Federal, state and local grants.

Zoo Fund - accounts for funding and operation of the Washington Park Zoo. Principal sources of revenues are admissions, concessions, and a special serial levy of $5,000,000, which was extended annually through fiscal 1987 by a vote of the electorate on May 15, 1984.

Capital Projects Fund

The Zoo Capital Fund accounts for the major capital improvement projects at the Washington Park Zoo. Principal resources include donations, interest and a portion of the serial levy approved for the zoo and transferred from the Zoo Fund.

(Continued)

Proprietary Fund Types

Enterprise Funds

These funds account for the financing of predominantly self-supporting activities which are funded on a user charge basis or to meet management's desire to control and measure costs of service. Included are the following funds:

Solid Waste Fund - accounts for revenues, derived primarily from fees imposed for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for the St. Johns Landfill and Clackamas Transfer & Recycling Center operations. This fund consists of six budgetary funds accounted for as an Enterprise Fund in accordance with generally accepted accounting principles.

Building Management Fund - accounts for revenues and expenses related to leasing and managing Metro's central office space at 2000 S. W. First Avenue, Portland, Oregon. Principal sources of revenue are sublease income and charges to user funds. Expenses primarily consist of lease payments, maintenance and utilities costs.

Internal Service Fund

An internal service fund is used to account for activities or services furnished by a designated department to other organizational units within the entity. Charges are made to the various "user" departments to support these activities.

Insurance Fund - accounts for insurance activities and services performed primarily for other organizational units within Metro. Revenues are derived primarily by charges to user funds, interest and loss reimbursements from insurance companies. Expenses consist primarily of insurance premiums, claims paid (deductibles) and studies related to insurance issues.

(Continued)

Loan 115 is for implementation of the solid waste plan. Metro intends to apply for additional loan or grant monies as funds are required to implement its solid waste plan; however, such additional amounts received in excess of the current balance are subject to the approval of DEQ.

Loan 117 is for expansion of the St. Johns Landfill.

Loan 118 is for the site development for the former Energy Recovery Facility and site development, design and construction of the Clackamas Transfer & Recycling Center. Under the provisions of its agreement with DEQ, Metro has pledged all of the solid waste disposal user fees collected subsequent to May 18, 1981. However, DEQ shall not unreasonably withhold its consent to a subordination of part or all of the pledged fees upon written request from Metro supported by a financing plan for a resource recovery facility accompanied by an underwriter's statement of necessity for subordination. In addition, Metro has agreed not to discontinue operation or dispose of the Clackamas Transfer & Recycling Center without the prior approval of DEQ.

Loans 115 and 117 are not collateralized.

(Continued)

Maturities of loan principal and interest at June 30 are as follows:

Fiscal year ending June 30	Loan 115		Loan 117		Loan 118		Total requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
1987	$ 150,000	47,925	200,000	14,436	173,000	296,074	523,000	358,435
1988	160,000	40,600	216,000	4,968	212,000	282,692	588,000	328,260
1989	160,000	33,000	-	-	224,000	266,918	384,000	299,918
1990	160,000	25,400	-	-	225,000	250,677	385,000	276,077
1991	160,000	17,800	-	-	225,000	235,298	385,000	253,098
Later years	350,000	14,000	-	-	3,066,000	1,285,617	3,416,000	1,299,617
	$ 1,140,000	178,725	416,000	19,404	4,125,000	2,617,276	5,681,000	2,815,405

(7) General Long-term Debt Account Group

The change in the balance of the liability in the General Long-term Debt Account Group is:

	Balance at June 30, 1985	Increase in liability	Balance at June 30, 1986
Liability for compensated absences	$ 182,544	24,159	206,703
Obligations under capital leases	68,231	98,680	166,911
	$ 250,775	122,839	373,614

(Continued)

(5) Fixed Assets

Fixed assets by major class for the General Fixed Asset Account Group and the Enterprise Funds are as follows:

	Balance June 30, 1985	Additions	Disposals	Balance June 30, 1986
General Fixed Asset Account Group				
Land	$ 2,573,449	-	-	2,573,449
Buildings	12,941,688	3,405,990	(81,100)	16,266,578
Improvements	726,124	31,300	-	757,424
Equipment	993,428	82,451	(1,421)	1,074,458
Office furniture	291,306	48,195	(442)	339,059
Railroad equipment and facilities	537,964	35,484	-	573,448
Capitalized leased equipment	105,867	124,383	-	230,250
Leasehold improvements	3,581	278,071	(3,581)	278,071
	$ 18,173,407	4,005,874	(86,544)	22,092,737
Enterprise Funds				
Land	1,706,743	1,300	-	1,708,043
Buildings	3,994,180	119,510	-	4,113,690
Improvements	208,000	3,940	-	211,940
Equipment	195,789	46,318	-	242,107
Office furniture	44,725	101,325	-	146,050
Leasehold improvements	2,994,104	454,567	-	3,448,671
	9,143,541	726,960	-	9,870,501
Less accumulated depreciation	2,125,967	414,053	-	2,540,020
	$ 7,017,574	312,907	-	7,330,481

An agreement effective July 1, 1976, transferred title of real property in the amount of $4,063,148, accounted for in the General Fixed Asset Account Group, from the City of Portland to Metro. The agreement provides that such property must be used for zoo or zoo-related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City.

(Continued)

As of June 1, 1980, the City of Portland and Metro entered into an agreement whereby Metro assumed the responsibility for operating the St. Johns Landfill (see note 12). Under this agreement, the City of Portland retains ownership of the property. Therefore, Metro's cost of expansion and improvements at the landfill are recorded as leasehold improvements in the Solid Waste Enterprise Fund and are amortized over the expected life of the landfill.

(6) Loans Payable

Loans payable to the State of Oregon Department of Environmental Quality (DEQ) and included in the Solid Waste Enterprise Fund consist of the following at June 30, 1986:

	Balance June 30, 1985	Principal payments	Balance June 30, 1986
Loan 115, payable in annual principal installments ranging from $150,000 to $175,000 through October 1992. Interest rate varies from 4% to 6% over the life of the loan and is payable semi-annually on April 1 and October 1	$ 1,290,000	150,000	1,140,000
Loan 117, payable in annual principal installments ranging from $200,000 to $216,000 through October 1987. Interest rate varies from 4% to 6% over the life of the loan and is payable semi-annually on April 1 and October 1	600,870	184,870	416,000
Loan 118, payable in annual principal installments ranging from $12,000 to $337,000 through August 2002. Interest rate varies from 5.2% to 7.9% over the life of the loan and is payable semi-annually on February 1 and August 1	4,258,000	133,000	4,125,000
	$ 6,148,870	467,870	5,681,000

(Continued)

(11) Segment Information for Enterprise Funds

Metro maintains two Enterprise Funds - the Solid Waste Fund, which accounts for self-supporting activities which are rendered to the general public on a user charge basis, and the Building Management Fund, which accounts for the operations of the leased office facility at 2000 S. W. First Avenue for which management desires a periodic determination of revenues earned and expenses incurred for management control and accountability purposes.

	Solid Waste Fund	Building Management Fund	Total
Operating revenue	$ 11,794,703	781,519	12,576,222
Depreciation expense	401,728	12,325	414,053
Operating income	2,005,111	108,412	2,113,523
Net income	1,971,739	109,824	2,081,563
Property, plant and equipment - Additions	603,713	123,247	726,960
Net working capital	4,592,440	(1,098)	4,591,342
Total assets	14,801,388	150,390	14,951,778
Long-term liabilities:			
Payable from operating revenues	5,681,000	-	5,681,000
Less amount due within one year	523,000	-	523,000
	$ 5,158,000	-	5,158,000
Total equity	$ 6,653,999	109,824	6,763,823

(12) Commitments and Contingencies

Contracts

Total contract commitments at June 30, 1986, primarily for construction projects, were approximately $433,000 for the Capital Projects Fund.

Reviews by Grantor Agencies

Grant costs are subject to review by the grantor agencies. Any costs disallowed as the result of the review would be borne by Metro and would require the return of such amount to the grantor agency. However, should costs be disallowed on grants for which Metro acts in a pass-through capacity, Metro should be able to require repayment of amounts disallowed from the subgrantees.

(Continued)

Office Leases

Metro leases office space at 2000 S. W. First Avenue, Portland, Oregon. The University Center Building office lease terminated June 30, 1986. The term of the lease for property located at 2000 S. W. First Avenue is eleven years and four months beginning March 1985, with a five-year renewal option at the end of the initial term. Under this lease, Metro is required to pay all utilities and certain other maintenance costs. Metro intends to sublease a significant portion of the office space and as of June 30, 1986 has entered into five sublease agreements.

The following is a schedule by years of future minimum rental payments required under the operating lease for the office space at 2000 S. W. First Avenue as of June 30, 1986:

Fiscal year ending June 30	
1987	$ 234,000
1988	234,000
1989	234,000
1990	234,000
1991	234,000
Later years	1,455,000
Total minimum payments required	$ 2,625,000

Minimum payments presented in the schedule have not been reduced by future minimum sublease rentals totalling approximately $511,000 at June 30, 1986.

Rental expense under the leases for the year ended June 30, 1986 amounted to approximately $341,000, which has not been reduced by approximately $68,000 of sublease rental receipts.

(Continued)

(8) Capital Lease Obligations

Metro has lease agreements for a copy machine, high speed printer, telephone system and some office equipment. The agreements are for varying periods through 1991. Interest rates range from 6.5% to 13%.

The future minimum lease payments are:

Fiscal year ending June 30	
1987	$ 59,426
1988	53,618
1989	30,623
1990	30,623
1991	25,519
Total minimum lease payments	199,809
Less amount representing interest	32,898
Net present value of future minimum lease payments	$ 166,911

(9) Contributed Capital

Changes in contributed capital in the Solid Waste Enterprise Fund for the year ended June 30, 1986 are as follows:

Balance, June 30, 1985	$ 1,484,664
Depreciation on fixed assets acquired with capital grants ($590,908 total accumulated depreciation at June 30, 1986)	63,641
Balance, June 30, 1986	$ 1,421,023

(Continued)

(10) Pension Plans

Substantially all employees, other than five employees who participate in the State of Oregon Public Employees Retirement System (PERS), are covered under a defined contribution plan whereby Metro contributes 5% of the employee's salary and the employee vests in the contributions and earnings growth of the plan at 40% after two years of employment and an additional 20% per year for the next three years. Additionally, all employees who work 20 or more hours per week are eligible for a defined contribution plan whereby 6% of the employee's salary is contributed by Metro and is immediately fully vested. These plans are administered by the Executive Officer of Metro and are included in the Pension Trust Fund.

In addition to the above plans, Metro makes contributions to PERS, a statewide multi-employer defined benefit plan to which Metro and five Metro employees, who have elected to remain in the State retirement system, contribute. Metro's contribution rate was 6.52% of employee compensation for the year ended June 30, 1986 and will remain at that rate until the next actuarial valuation is performed. Pension expenditures are recorded as funded. Assuming a 7.5% rate of return on investments, the plan's net assets ($267,362) as of December 31, 1982, the latest actuarial valuation, exceeded the actuarially computed present value of vested and nonvested accumulated plan benefits by $128,744 and the total unfunded supplemental value (prior service cost liability) for active employees at that date was $11,460. Separate information as to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits is not available from the actuary.

Metro's pension contributions approximated $464,000 for the year ended June 30, 1986 for all of the above plans.

(Continued)

Legal Matters

Metro is in litigation against certain bonding companies seeking reimbursement of cost overruns incurred as a result of the default by the original contractor on the Alaska Tundra project at the Washington Park Zoo. Metro and its legal counsel believe that the suit is meritorious; however, no estimate can presently be made as to the amount of ultimate recovery therefrom, if any.

Metro is involved as a defendant in other claims and disputes which, for the most part, are normal to Metro's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

St. Johns Landfill

Metro is leasing the landfill from the City of Portland. The lease term runs through December 31, 1991, or until the operational life of the landfill is completed, whichever is earlier. The lease agreement commits Metro to finance certain post-closure environmental control measures for the expansion area of the landfill. At June 30, 1986, a liability of $1,174,540 has been recorded to cover post-closure costs. Metro is also required to contribute annually to the City of Portland $.40 per ton of solid waste deposited at the landfill, contingent upon the City's adoption of an end use plan for the landfill. If the City adopts the plan by July 1, 1987, Metro will be required to contribute $.40 for each ton of waste deposited the previous year and thereafter. If the plan is adopted subsequent to July 1, 1987, Metro is required to contribute only for those tons deposited after adoption of the plan. This contribution, to be used by the City for implementation of the landfill end use plan, will continue until the landfill has reached capacity and is limited to the amount needed to effectuate the end use plan. The lease agreement also commits Metro to meet waste tonnage targets in order to ensure availability of a disposal site for the region. If the tonnage targets are exceeded, subject to certain allowances, Metro is required to pay to the City of Portland $2.00 per ton for all tons deposited in the landfill.

Additionally, Metro contracts for the maintenance and operation of the landfill (other than the gatehouse which Metro operates). The contract runs through the landfill closure date or September 30, 1992, whichever is earlier.

The approximate annual commitments for maintenance and operations of the St. Johns Landfill, based on forecasted tons of refuse, are:

Fiscal year ending June 30	City of Portland	Operations contract
1987	$ 288,500	2,973,000
1988	288,500	2,958,000
1989	288,500	2,966,000
1990	288,500	2,973,000
1991	288,500	2,325,000
	$ 1,442,500	14,195,000

A portion of the commitment, estimated by management to be $4,113,000, relates to landfill improvements, primarily final ground cover.

(Continued)

Clackamas Transfer & Recycling Center

Metro contracts for operations of the Clackamas Transfer & Recycling Center. The contract term is four and one-half years from the start of operation in April 1983.

The approximate annual commitments based on forecasted usage relative to the Clackamas Transfer & Recycling Center are:

Fiscal year ending June 30	
1987	$ 1,807,000
1988	476,000
	$ 2,283,000

Waste Reduction Program Contingency

Metro was required under Oregon Revised Statutes (ORS) 459 as amended by Senate Bill 662, which became effective July 13, 1985, to develop a solid waste reduction program which presents effective and appropriate methods for reducing dependence on land disposal sites. The program was approved by the State of Oregon Environmental Quality Commission.

In addition, beginning in fiscal year 1986, Metro is required to apportion the charges collected for disposal of solid waste; $.50 per ton of solid waste is to be set aside for rehabilitation and enhancement of the area in and around the landfill from which the fees were collected and $1.00 per ton is to be paid into the State's Land Disposal Mitigation Account, which will be used by the State of Oregon, Department of Environmental Quality (DEQ) in the process of siting a regional landfill. Metro would have the responsibility for the operation of the disposal site selected by DEQ.

(Continued)

In March 1984 the Oregon Supreme Court upheld the legality of the contracts entered into between WPPSS and various Oregon municipalities and people's utility districts, thus reversing a 1982 Lane County Circuit Court ruling. However, the Court's opinion did not address whether the agreements are in fact enforceable given present circumstances, nor did it address the future liability of Oregon ratepayers.

The Washington and Idaho supreme courts have ruled that participants in those states are not obligated to repay their debt. The Idaho Supreme Court ruling was appealed to the United States Supreme Court by Chemical Bank. On October 2, 1984 the U.S. Supreme Court let stand, without comment, the ruling of the Idaho court that excused the participants from their financial responsibility. The Chemical Bank, as primary agent for investors, also asked the Washington Supreme Court to review its decision. The Washington State Supreme Court reaffirmed its 1983 decision in November 1984. The Court upheld the lower court decision which freed utilities in Oregon, Idaho, Wyoming and Montana. The Chemical Bank has appealed the decision of the Washington State Supreme Court to the United States Supreme Court. On April 29, 1985, the United States Supreme Court let stand, without comment, the ruling of the Washington court that excused the participants from their financial responsibility.

In August 1984, the Bonneville Power Administration recommended that the WWPPS executive board accept an agreement which would assign to Bonneville the ownership of the electrical output of Plants 1, 2 and 70 percent of Plant 3 in the event that the court nullifies the original "net-billing" contracts. According to the Bonneville Power Administration, the agreement would protect the $2.2 billion investment already committed to cover project construction and financing costs. With the agreements, BPA preserves the status quo and retains all options regarding plants 1, 2 and 3 which are part of the region's 20-year energy plan formulated by the Northwest Power Planning Council.

The "net billing" agreements between BPA and the Oregon municipalities and people's utility districts have also been challenged in federal court. A U.S. district court judge has declared the agreements legal, but his decision was appealed to the Court of Appeals for the Ninth Circuit in San Francisco. On February 4, 1985, the Court of Appeals affirmed the district court's judgement and upheld the validity of the Net Billing Agreement. The U.S. Supreme Court upheld the validity of the Net Billing Agreement in a ruling in January 1986.

Several members of the Washington Public Power Supply Systems have withdrawn their membership from the group. According to the Supply System, the utility withdrawals will have little immediate impact as the utilities are still obligated to pay their share of all past, present and future costs on the three remaining nuclear plants.

Washington Public Power Supply Plant 2 began commercial production of electricity in December 1985. The plant is expected to generate $1 million worth of electricity a day at the 1,100 megawatt plant.

In a related action, in August 1983 Chemical Bank filed a lawsuit in U.S. District Court which is now pending against WPPSS, all participants in nuclear projects 4 and 5, WPPSS member utilities and certain directors, BPA and other individuals. The lawsuit alleges violations of federal and state securities statutes, fraud, misrepresentation, bad faith, negligence, and unjust enrichment, and seeks money damages, recision and restitution. The trial will be in Tucson and the court has set a trial date of September 1, 1988. In addition, numerous lawsuits have been filed against WPPSS and other individuals and entities by individuals purporting to represent classes of bondholders. All of these lawsuits seek to recover the bondholders' investment in the principal amount of $2.25 billion, plus unspecified damages, plus interest, costs and attorneys' fees. Impact on the rate payers is uncertain at this time.

Portland General Electric Company

Portland General Electric Company (PGE), the investor-owned utility that supplies power to a portion of the area served by the District, owns a ten-percent interest in one of the five nuclear power plants being built in the state of Washington. Construction on two of the five plants has been terminated, which may result in an increase in construction costs of the others, due to the paired construction of these plants, which could increase the costs of PGE's share. PGE predicts an adequate power supply for its service area through the 1980s and early 1990s, with existing resources and those under construction.

APPENDIX B

REGIONAL ENERGY

Low-cost hydroelectric power has been plentiful and inexpensive in the Pacific Northwest. As population and industry grew, demand was projected to exceed supply. Until 1981, deficits were projected to begin in the 1980s; recent projections indicate that these will not occur until the late 1990s. In July 1986, Bonneville Power Administration (BPA) released new forecasts which project an average annual load growth of between 2.7 percent and −0.3 percent (medium case = 1.2 percent average annual rate of growth) for the 20 year period 1986-2006. Decreased forecasts can be attributed in part to the economic slowdown, in part to unanticipated elasticity in demand as prices rose, and in part to conservation.

In 1980 Congress passed the Pacific Northwest Power Planning and Conservation Act. According to a spokesman for Bonneville Power Administration, the legislation has three major impacts. First, it creates for the first time a regional power planning council appointed by the governors of Oregon, Washington, Idaho and Montana, with broad planning responsibilities. Within two years the council developed a regional load forecast to determine the amount of power needed to meet the requirements of the region. In addition, the council developed two plans, one describing what resources must be acquired to meet the forecasted loads, the other to enhance the fish and wildlife on the Columbia River and its tributaries. The final plans were issued in April 1983.

Second, the Act authorizes BPA to acquire power supplies to meet the requirements of the region's publicly and privately owned utilities. And third, the Act directs the BPA to serve in effect as broker in providing power supplies for the regional utilities. In that role, BPA is responsible for carrying out a power exchange with the utilities of the region. The 15 direct service industrial customers pick up the net cost of the exchange. The exchange is designed to eliminate the rate disparities between residential customers of both privately and publicly owned utilities.

In 1981, BPA raised its wholesale rates approximately 56 percent for the region's utilities; in 1982, rates increased 60 percent, in 1983, 22 percent and are projected to increase 9 percent in 1987. Rates for direct service industrial customers were increased approximately 178 percent in 1981, 49 percent in 1982 and 6 percent in 1983. In 1985 rates for direct service industrial customers decreased 7 percent and are projected to decrease 2 percent in 1987.

In response to power deficits projected in the 1970s in the region, various utilities in the Pacific Northwest contracted with the Washington Public Power Supply System (WPPSS) to purchase capacity in five nuclear power plants.

Costs of constructing and financing these plants substantially exceeded original estimates. Because of increased costs and the lower power load forecasts, construction has been terminated on Plants 4 and 5. WPPSS has defaulted on the bonds issued to finance Plants 4 and 5. In addition, some of the construction contractors on these plants have been unable to settle contract disputes with WPPSS and PP&L. If these contracts remain unsettled, litigation may ensue.

In July 1983 construction on Plant 3 was delayed indefinitely when it was 76 percent complete. Plant 3 is jointly owned by WPPSS (70 percent) and four investor-owned utilities (30 percent). The utilities that purchased shares of the generating capacity of this plant filed suit to determine who was responsible for the cost of the delay. In November 1984, U.S. District Judge Richard Bilby ruled in favor of the four private utilities which claimed that the BPA and WPPSS violated the term of their contract by mothballing Plant 3. The utilities initially sought $800 million and the completion of the plant. The four utilities filed suit against the BPA for claims of $2 billion, to recover their investment and damages. The BPA and the four private utilities reached tentative agreement in mid-January 1985. The agreement calls for the BPA to trade federal electricity to the private utilities with the BPA, in return acquiring almost total control over the future of the uncompleted Plant 3. The four utilities have assigned their interest in Plant 3 to BPA in exchange for electricity that would have reasonably been expected to be generated by Plant 3.

APPENDIX C

SYNOPSIS OF PROPERTY TAX ADMINISTRATION

(Portions of narrative from the Multnomah County Tax Supervising and Conservation Commission. Procedures apply statewide.)

The property tax is used by Oregon cities, counties, schools and other special districts to raise revenue to defray the expense of local government. The State of Oregon has not levied property taxes since 1941 and obtains its revenue principally from income and excise taxes.

Property tax administration, governed by the Oregon Constitution, the state's taxation laws and regulations of the Department of Revenue, involves the process of assessment, equalization, levy and collection of taxes.

Assessment and Equalization

The process of identifying and assigning a value to taxable property is termed *assessment* and the process of maintaining uniformity of values between property owners and various classes of property is termed *equalization*. Assessment of property is administered by the County Assessor except for public utility property which is assessed by the State Department of Revenue. All property is reappraised in 6-year cycles and values are adjusted annually to maintain assessments within a 5% deviation of county-wide market value. Equalization of values is performed by the county Board of Equalization. Administrative and judicial remedies are available to property owners who disagree with assessments.

Property which is assessed for taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture, equipment and livestock). There is no property tax on household furnishings (exempt in 1913), personal belongings, automobiles (exempt in 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts. Property used for religious, fraternal and governmental purposes is exempt and reductions in assessments are granted for veterans' homesteads, certain open space farm lands and historic buildings. The assessment roll, a listing of all taxable property, is prepared as of January 1st of each year.

Tax Levy

The process of ascertaining and declaring the amount of taxes to be raised from taxpayers is termed *making the levy*. Authority to levy property taxes is vested with the governing body of each local government unit. The governing body determines the levy annually before July 15th as part of the budget process. Annual budgets for local units are based on a fiscal year which begins July 1st and ends the following June 30th. Constitutional and statutory limitations on the amount that a governing body may levy are:

1. *Levy Within 6% Limitation (Tax Base Levy).* A tax base, approved by a majority of voters at a general election, represents permanent authority to annually levy a dollar amount which cannot exceed the highest amount levied in the three most recent years in which a levy was made, PLUS six percent thereof. Tax Base levies may also be increased in proportionate amounts for annexed territory. A local unit is permitted to have but one tax base levy and proceeds may be used for any purpose for which the unit may lawfully expend funds.

2. *Levy Outside 6% Limitation (Special, Serial or Continuing Levy).* Special and serial levies are temporary taxing authority permitting the levy of a specific dollar amount for one year (Special) or for two or more years up to ten years (Serial). Continuing levies are those approved by voters prior to 1953, are permanent in nature and are limited in amount by the product of the voted tax rate and the assessed value of the unit. Since 1978 Serial levies may also be established based on a specified tax rate but the term may not exceed three years. Not more than four serial levy measures may be proposed in a given year. Special levies are limited in size by the net tax rate freeze described later in this section.

3. *Levy Not Subject to 6% Limitation (Debt Levy).* Local units are required to annually levy an amount sufficient to pay principal and interest costs for a bonded debt. Bond measures to be paid from future tax levies must first be approved by a majority of those voting unless otherwise provided by law. Proceeds from a debt levy cannot be diverted to another purpose.

Pacific Power and Light Company

Pacific Power and Light Company (PP&L), the investor-owned utility that supplies power to a portion of the area served by the District, is a co-purchaser with WPPSS of generating capacity in two of these plants: ten percent in each of Plants 3 and 5. Construction has been terminated on Plants 4 and 5. The costs of termination will be borne by the utilities that have purchased shares of the generating capacity of those plants. As of January 1983, the participants in these plants must begin to pay interest on the $2.25 billion of Plants 4 and 5 bonds and termination costs. The impact of these costs on PP&L will be relatively small, because its share in Plant 5 is approximately $108 million. PP&L financed these costs separately from WPPSS, through its normal capitalization process. Under an agreement with BPA, PP&L has assigned its interest in Plant 3 to BPA in exchange for electricity that would have reasonably been expected to be generated by Plant 3.

Forest Grove Power and Light

The City of Forest Grove has been involved in the generation of power since the mid-1890s. Previous to the 1940s, power was produced by steam and diesel generation. In 1939, the municipal utility signed agreements with the Bonneville Power Administration for power and ceased the use of diesel generation. Forest Grove Power and Light is a participant in WPPSS Plants 1, 2 and 3, but is not one of the 88 participants in Plants 4 and 5.

APPENDIX D

LEGAL OPINION

LINDSAY, HART, NEIL & WEIGLER
LAWYERS
SUITE 1600
222 S.W. COLUMBIA
PORTLAND, OREGON 97201-6618
TELEPHONE (503) 226-1191
TELECOPIER (503) 226-0079
TELEX 494-7032

ABS BUILDING
2-4-16 KUDAN MINAMI
CHIYODA-KU
TOKYO 102 JAPAN
(03) 239-2815

2011 EYE STREET, N.W.
WASHINGTON, D.C. 20036
(202) 296-3006

JEFFERSON PLACE
350 N. 9TH, SUITE 400
BOISE, IDAHO 83702
(208) 336-8844

345 CALIFORNIA STREET
SUITE 2200
SAN FRANCISCO, CALIFORNIA 94104
(415) 984-5858

July __, 1987

Metropolitan Service District
2000 S.W. First Avenue
Portland, OR 97201

Re: $65,000,000 Metropolitan Service District
Clackamas, Multnomah, and Washington Counties, Oregon
General Obligation Convention Center Bonds, Series 1987

We have acted as bond counsel in connection with the issuance by Metropolitan Service District, Clackamas, Multnomah and Washington Counties, Oregon (the "District") of its General Obligation Convention Center Bonds, Series 1987 (the "Bonds"), which are dated July 1, 1987 and are in the aggregate principal amount of Sixty-Five Million Dollars ($65,000,000).

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

We have relied on the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

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

Based on our examination, we are of the opinion, under existing law as follows:

1. The Bonds have been legally authorized under and pursuant to the Constitution and Statutes of the State of Oregon. The Bonds are valid and legally binding general obligations of the District. The District has pledged its full faith and credit to the payment of the Bonds. The Bonds are payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within District boundaries located within Clackamas, Multnomah and

Property tax rate freeze legislation was adopted by the 1983 Legislature. The new Act, effective January 1, 1984, specifies the maximum *net tax rate* (defined as the tax rate extended on the tax roll minus bond and serial levies) which may be levied by a taxing unit. The maximum *net tax* rate is the higher of (1) the net rate in 1981, 1982 or 1983, or (2) the rate necessary to raise the tax base or the first levy made by a unit, or (3) a temporary rate limit approved by the voters for not more than three years, or (4) a levy adjusted for an assessed value growth below 5% or a major decrease in non-ad valorem tax revenue. Two elections are allowed each year to exceed the limit.

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. As each year's taxes for all taxing bodies within a county are collected, the money is placed in an unsegregated pool and each taxing body shares in the pool on the basis of its tax rate regardless of the actual collection experience within each taxing body. Therefore, in application, the amount of 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 1st (the lien date for personal property is January 1) and tax payments are due November 15th of the same calendar year. Under the partial payment schedule the first third of taxes are due November 15, the second one-third on February 15 and the remaining one-third on May 15. Prior to 1980-81, taxes were paid in quarterly installments with a final payment on August 15. Since the fiscal year ends June 30, the final August 15 payment made the collection rate for years prior to 1980-81 lower; however this payment was not "delinquent" and was allocated toward the proper levy in the recent tax collection rates. For 1980-81 and thereafter, the collection rate reflects actual current-year levy collections during each fiscal year.

A 3% discount is allowed if full payment is made by the due date, 2% for a two-thirds payment. For late payments interest accrues after each tri-mester at a rate of 1% per month. Property foreclosure proceedings are initiated four years after the tax due date.

Tax statements mailed to property owners state the assessed value of property, the tax rate and the amount of taxes due and levied by each local unit. Tax rates, expressed as an amount per $1000 of assessed value, are obtained by dividing the taxable assessed value of a local unit into the taxes levied.

The state Legislature provides for certain tax relief and refund programs. Since 1980 direct tax relief has been granted to homestead property owners in maximum amounts of $800 in 1980-81, $425 in 1981-82, $192 in 1982-83, $170 in 1983-84 and 1984-85 and $100 in 1985-86 and 1986-87. Under the Homeowner and Renter Refund Program refunds may be obtained for property taxes paid if household income is less than $17,500. Refund amounts are graduated to income levels with the maximum for renters being $375 and for homeowners $750. Senior citizens (62) with income under $17,500 may defer all property taxes. The interest charged on such deferrals is 6%.

Property Tax Limitation Measures

In 1978, 1980, 1982, 1984 and again in November 1986, voters rejected 1.5% property tax limitation measures. The 1986 measure would have set a maximum tax rate for 1987 of two percent of assessed value or the 1985 tax rate, whichever was lesser. The maximum tax rate for the following years would have been the lesser of 1.5 percent of assessed value or the 1985 tax rate. The distribution of revenues for 1987 would have been proportionate to that of 1986 revenues. The assessed value of any property could not increase more than two percent annually. Approval by a majority of the voters of tax levy increases would be limited to two elections per year. The measure would have exempted bonded indebtedness authorized prior to the election.

In January 1987, proponents of this same measure filed a prospective petition with the Oregon Secretary of State, to place it on the ballot in the 1988 general election. In order to get the measure on the ballot, petitioners must collect signatures equal to eight percent of the vote for all candidates for governor at the previous general election, which in this case is 84,770 signatures. The deadline for returning these signatures to the Secretary of State's office is July 8, 1988.

Washington Counties, Oregon, to the extent necessary funds are not provided from other sources.

2. The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in the appropriate cases.

3. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. The Bonds are not "private activity bonds" under Section 141 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. The interest on the Bonds is exempt from Oregon personal income taxation.

Respectfully submitted,

LINDSAY, HART, NEIL & WEIGLER

Lawyers

APPENDIX E
TAX EXEMPT STATUS OF THE BONDS

Prospective purchasers of the Bonds should be aware that (i) Section 265 of the Internal Revenue Code of 1986 (the "Code"), denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) for taxable years beginning after December 31, 1986 and before January 1, 1992, interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) for taxable years beginning after December 31, 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

MINUTES OF THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

Special Meeting
July 9, 1987

Councilors Present:	Tanya Collier, Larry Cooper, Tom DeJardin, Jim Gardner, Gary Hansen, Sharron Kelley, Corky Kirkpatrick, David Knowles, Mike Ragsdale, George Van Bergen and Richard Waker
Councilors Absent:	Mike Bonner
Also Present:	Rena Cusma, Executive Officer
Staff Present:	Tuck Wilson, Neil McFarlane, Ray Phelps, Sandy Bradley, Sandy Stallcup, Kim Duncan, Janet Scaeffer, Vickie Rocker, Chuck Stoudt, Bob Applegate and Ray Barker

Presiding Officer Waker called the special meeting to order at 11:35 a.m. for the purpose of considering Resolution No. 87-783.

Consideration of Resolution No. 87-783, for the Purpose of Accepting a Bid for the Purchase of Metropolitan Service District General Obligation Bonds, Series 1987, and Directing Delivery and Sale Thereof

Tuck Wilson, Convention Center Project Director, presented staff's report. He noted the preconditions identified on page 21 of the Preliminary Official Statement had all been met. On July 8, the Council of the City of Portland established a local improvement district (LID) to assess $5 million as the City's share of Convention Center funding. Also on July 8, Governor Goldschmidt signed Senate Bill 962 which appropriated state funding for the Oregon Convention Center.

Mr. Wilson introduced Harvey Rogers, Metro's Bond Counsel, who would report on the bid opening that had occurred earlier in the day; and Rebecca Marshall who would discuss the significance of the bid.

Mr. Rogers reported six bids had been received the Merill Lynch had submitted the winning bid with a true interest cost of 7.377798 percent. The next highest bid, submitted by Kidder, Peabody & Co., came in at 7.395 percent and four other bids received were slightly higher.

Rebecca Marshall congratulated Metro for receiving an excellent bid. She explained that staff had been planning under the assumption an 8 percent bid would be received. Because the bid came in at about 7.4 percent, taxpayers would save approximately $5 million dollars over 25 years. During the election campaign, an average tax rate of 14 cents had been quoted. The average tax rate was now 13.3 cents, she said. She explained that in the past week the market began to stabilize, the dollar increased, and the supply of Oregon bonds became low -- all factors which worked in favor of Metro. Ms. Marshall also pointed out that Metro's excellent bond rating had been the most significant factor in keeping bid percentages low.

Ms. Marshall explained Moody's A-1 rating had been expected. However, one day later Standard and Poor gave the project a AA+ rating, being fully aware of Moody's rating. Standard and Poor quoted the following reasons for assigning that rating: 1) healthy finances for the entire Metro operation over the past five years and excellent prospects for continued financial health; 2) sound fiscal planning for Convention Center operations; 3) strong Portland economy when compared to the national picture; and 4) low debt burden, given this was Metro's first project, and no large, future general obligation bond debts planned.

Ms. Marshall discussed Metro's presentation in New York City for the purpose of obtaining a bond rating. She said the presentation was among the best she had seen. The team of Executive Officer Cusma, Councilor Mike Ragsdale, Ray Phelps, Tuck Wilson, Jennifer Sims and herself had convinced the toughest rating agency -- Standard and Poor -- that Metro could do an excellent job. She also commended Metro and Government Finance Associates staff who had worked "behind the scenes" in Portland.

Executive Cusma added that Metro was very fortunate to have Ms. Marshall as part of their team and she recommended adoption of Resolution No. 87-783.

<u>Motion</u>: Councilor Ragsdale moved adoption of Resolution No. 87-783. Councilor DeJardin seconded the motion.

Councilor Ragsdale also commended Ms. Marshall on her outstanding work in tutoring staff and Councilors on the presentation to secure a bond rating. He asked Mr. Wilson to introduce all Metro saff who had worked on the project, saying each person had done an excellent job. Mr. Wilson introduced Dave Wachob of Turner Construction Company and Neil McFarlane, Sandy Stallcup, Sandy Bradley, Jan Scaeffer, and Kim Duncan of Metro. Councilor Ragsdale said it was a great day for Metro and he looked forward to delivering a convention center on time and on budget.

Presiding Officer Waker noted the project was at the "end of the beginning." The design concept phase was complete and Metro now had all the resources in place to commence construction. He looked forward to future challenges.

Vote: A vote on the motion to adopt the Resolution resulted in:

Ayes: Councilors Collier, Cooper, DeJardin, Gardner, Hansen, Kelley, Kirkpatrick, Knowles, Ragsdale, Van Bergen and Waker

Absent: Councilor Bonner

The motion carried and Resolution No. 87-783 was unanimously adopted.

There being no futher business, Presiding Officer Waker adjourned the meeting at 11:50 a.m.

Respectfully submitted,

A. Marie Nelson

A. Marie Nelson
Clerk of the Council

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