

**City of Prineville
Crook County, Oregon**

Resolution No. 761

Authorizing General Obligation Refunding Bonds, Series 1993.

Adopted

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RESOLUTION NO. 761

**A RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 1993**

The City Council of the City of Prineville finds:

Section 1. Findings.

1.1. The City is authorized pursuant to the Constitution and laws of the State of Oregon to issue refunding bonds for its outstanding general obligation bonds.

1.2. Issuing refunding bonds to refund the callable portion of the City's General Obligation Fire Hall Bonds, dated June 1, 1976, General Obligation Water Bonds, Series 1985, dated August 1, 1985, General Obligation Water Refunding Bonds, Series 1988, dated June 1, 1988, (the "Refundable Bonds") will benefit the City and its taxpayers by reducing debt service costs; and,

1.3. The approval of the State Treasurer is required before such refunding bonds may be issued; and,

1.4. A refunding plan must be submitted to the State Treasurer demonstrating that the refunding will produce debt service savings before the State Treasurer may approve the refunding; and,

1.5. United States National Bank of Oregon has prepared a refunding plan for the Refundable Bonds; and

1.6. The City expects to issue its refunding bonds if the State Treasurer approves of the refunding; now, therefore,

BE IT RESOLVED by the City Council of City of Prineville as follows.

Section 2. Plan Submission; Experts.

United States National Bank of Oregon is hereby authorized, on behalf of the City, to submit a refunding plan for the Refundable Bonds to the State Treasurer for review and approval. United States National Bank of Oregon is hereby appointed underwriter for the proposed refunding bonds, Preston Thorgrimson Shidler Gates & Ellis is appointed bond counsel, and Moore Breithaupt & Associates is appointed as independent expert.

Section 3. Bonds Authorized.

For the above purpose, the City shall issue its General Obligation Refunding Bonds, Series 1993 (the "Refunding Bonds") The City Manager or his designee (the "City Manager"), on behalf of the City, and without further action by the City Council, may:

3.1. Participate in the preparation and authorize the distribution of a preliminary official statement or other disclosure document for the Refunding Bonds;

3.2. Appoint a paying agent and an escrow agent to provide services in connection with the Refunding Bonds;

3.3. Negotiate the terms of, and execute, a bond purchase agreement with the underwriter;

3.4. Establish the principal amount, interest rates, redemption terms, payment dates and other terms of the Refunding Bonds, provided that the Refunding Bonds produce debt service savings having a present value of not less than three percent of the principal amount of the Refunding Bonds and are sold at a true interest cost of not to exceed 6%;

3.5. Execute and deliver an escrow deposit agreement (the "Escrow Deposit Agreement"), in substantially the form attached as Exhibit B, with such changes as the City Manager finds are in the best interests of the City, and authorize the purchase of securities to be held under the Escrow Deposit Agreement, and

3.6. Issue, sell and deliver the Refunding Bonds, and execute and deliver any related certificates or documents which are reasonably required to refund the Refundable Bonds in accordance with this resolution.

Section 4. Refunding Bond Book-Entry Form.

4.1. The Refunding Bonds shall be initially issued in book-entry form, with no Refunding Bonds being made available to the Bondowners. The City Manager shall execute and deliver letters of representations to The Depository Trust Company, New York, New York ("DTC") for the Refunding Bonds, in form and substance satisfactory to DTC. So long as the Refunding Bonds are in book-entry form:

4.1.1. Ownership of the Refunding Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC system. The Refunding Bonds shall be initially issued in the form of a global bond. Each global bond shall be registered in the name of Cede & Co. as nominee of DTC as the owner of the Refunding Bond, and such global bonds shall be lodged with DTC until early redemption or maturity of the Refunding Bond issue.

4.1.2. The Registrar shall remit payment for the maturing principal and interest on the Refunding Bonds to DTC as owner of the Refunding Bonds for distribution by the nominee to the beneficial owners by recorded entry on the books of DTC participants and correspondents. While the Refunding Bonds are in book-entry form, the Refunding Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

4.2. In the event DTC determines not to continue to act as securities depository for the Refunding Bonds, or the City determines that DTC shall no longer so act, then the City will discontinue maintaining the Refunding Bonds in the book-entry form with DTC.

4.3. Notwithstanding the provisions regarding exchange and transfer of Refunding Bonds set forth in this resolution, while the Refunding Bonds are in book-entry form they may not be transferred or exchanged on the registration books maintained by the Paying Agent except:

4.3.1. to any successor depository designated by the City as provided below;

4.3.2. to any successor nominee designated by a depository; or

4.3.3. if the City elects to discontinue maintaining the Refunding Bonds in book-entry form, the City shall cause the Paying Agent to authenticate and deliver replacement Refunding Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth herein, regarding registration, transfer and exchange of Refunding Bonds shall apply

4.4. Upon the resignation of any institution acting as depository hereunder, or if the City determines that continuation of any institution in the role of depository is not in the best interests of the beneficial owners, the City shall attempt to identify another institution qualified to act as depository hereunder or shall discontinue maintaining the Refunding Bonds in book-entry form by resolution or ordinance. If the City is unable to identify such successor depository prior to the effective date of the resignation, the City shall discontinue maintaining the Refunding Bonds in book-entry form as provided above.

4.5. With respect to Refunding Bonds registered in the registration books maintained by the Paying Agent in the name of the nominee of DTC, the City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

4.5.1. the accuracy of the records of DTC, the Nominee or any participant or correspondent with respect to any beneficial owner's interest in the Refunding Bonds,

4.5.2. the delivery to any participant or correspondent or any other person of any notice with respect to the Refunding Bonds, including any notice of prepayment;

4.5.3. the selection by DTC of the beneficial interest in Refunding Bonds to be redeemed prior to maturity, or

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

4.6. So long as the Refunding Bonds are in book-entry form, the Paying Agent will give any notice of redemption or any other notices required to be given to registered owners of Refunding Bonds only to DTC or its nominee registered as the registered owner thereof. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the Refunding Bonds called for redemption or of any other action premised on such notice. Neither the City nor the Paying Agent is responsible or liable for the failure of DTC or any participant to make any payment or give any notice to a beneficial owner in respect of the Refunding Bonds or any error or delay relating thereto.

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

4.8. Upon delivery by DTC to the City and to the owner of written notice to the effect that DTC has determined to substitute a new nominee in place of the nominee, then the word "nominee" in this resolution shall refer to such new nominee of DTC, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. DTC shall tender the Refunding Bonds it holds to the Paying Agent for reregistration.

4.9. The provisions of this Section may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC for bonds issued in book-entry form.

Section 5. Notice of Redemption of Bonds.

5.1. Notice of Redemption (DTC). So long as the Refunding Bonds are in book-entry form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representations submitted to DTC in connection with the issuance of the Refunding Bonds.

5.2. Notice of Redemption (No DTC). During any period in which the Refunding Bonds are not in book-entry form, unless waived by any Owner of the Refunding Bonds to be redeemed, official notice of any redemption of Refunding Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Refunding Bond or Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

5.2.1. the redemption date,

5.2.2. the redemption price,

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

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

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

5.2.6. Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

5.2.7. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Section 6. Authentication, Registration And Transfer.

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

6.2. The ownership of all Refunding Bonds shall be entered in the bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the bond register as the owner of the Refunding Bond for all purposes.

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

6.4. If the Refunding Bonds cease to be in book-entry form, the Paying Agent shall mail each interest payment on the interest payment date (or the next business day if the payment date is not a business day) to the name and address of the Refunding Bondowners as they appear on the bond register as of the fifteenth day of the month preceding an interest payment date (the "Record Date"). If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

6.5. Refunding Bonds may be exchanged for an equal principal amount of Refunding Bonds of the same maturity which are in different denominations, and Refunding Bonds may be transferred to other owners if the Refunding Bondowner submits the following to the Paying Agent:

6.5.1. written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Refunding Bondowner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

6.5.2. the Refunding Bonds to be exchanged or transferred.

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

6.7. The Paying Agent shall note the date of authentication on each Refunding Bond. The date of authentication shall be the date on which the Refunding Bondowner's name is listed on the bond register.

6.8. For purposes of this section, Refunding Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 5.

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

Section 7. Security For Refunding Bonds.

Pursuant to ORS 288.160 the City may issue general obligation bonds to refund general obligation bonds which were issued before November 6, 1990, and to refund general obligation bonds which were issued for capital construction or improvements, upon compliance with the provisions of that statute. The Refundable Bonds were issued before November 6, 1990, or were issued with voter approval for capital construction and improvements, and the Refunding Bonds shall be issued in compliance with ORS 288.160 and 288.605 et seq. Accordingly, the Refunding Bonds shall replace the Refundable Bonds which are refunded by the Refunding Bonds, and the full faith and credit of the City are pledged to the successive owners of each of the

Refunding Bonds for the punctual payment of such obligations, when due. The City shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other moneys available for the payment of debt service on the Refunding Bonds, to pay the Refunding Bonds promptly as they mature. The City covenants with the owners of the Refunding Bonds to levy such a tax annually during each year that any of the Refunding Bonds, or bonds issued to refund them, are outstanding.

Section 8. Refunding Bond Insurance.

The City Manager may apply for municipal bond insurance for the Refunding Bonds, and may expend Refunding Bond proceeds to pay any bond insurance premium.

Section 9. Form of Refunding Bonds.

The Refunding Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the City Manager. The Refunding Bonds may be printed or typewritten, and may be issued as one or more temporary Refunding Bonds which shall be exchangeable for definitive Refunding Bonds when definitive Refunding Bonds are available.

Section 10. Execution.

The Refunding Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the City Manager.

Section 11. Tax-Exempt Status.

11.1. The City covenants to use the proceeds of the Refunding Bonds, and the facilities financed with the Refundable Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") so that interest paid on the Refunding Bonds will not be includable in gross income of the bondowners. The City specifically covenants:

11.1.1 to comply with the "arbitrage" provisions of Section 148 of the Code, and pay any rebates due to the United States on the gross proceeds of the Refunding Bonds;

11.1.2 to yield restrict and pay any rebates due to the United States on any unexpended proceeds of the Refundable Bonds, and

11.1.3 to operate the facilities which were financed with the proceeds of the Refundable Bonds, and any facilities which are financed with the unexpended proceeds of the Refundable Bonds, so that the Refunding Bonds are not "private activity bonds" under Section 141 of the Code

11.2. The City Manager may enter into covenants on behalf of the City to protect the tax-exempt status of the Refunding Bonds.

Section 12. Designation of Bonds as Qualified Tax-Exempt Obligations.

The City designates the Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code. The City covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000. The City (and all subordinate entities thereof, if any) does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

Section 13. Escrow.

The net proceeds of the Refunding Bonds shall be placed in irrevocable escrow, pursuant to the Escrow Deposit Agreement. The escrow agent or the City Manager are hereby authorized to subscribe for and purchase the government obligations to be placed in the escrow, on behalf of the City.

Section 14. Redemption Of Refundable Bonds.

Contingent solely on the issuance of the Refunding Bonds and the deposit of the net proceeds with the escrow agent, the City hereby irrevocably calls for redemption all of the Refundable Bonds listed in Section 1.2 hereof on December 1, 1993, February 1, 1994, April 1, 1998, respectively, which are the earliest dates on which they are subject to redemption.

Section 15. Defeasance.

If the City:

15.1. irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of Refunding Bonds which are to be defeased, and,

15.2. files with the escrow agency or trustee an opinion from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Refunding Bonds when due; and,

15.3. files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the Refunding Bonds to be includable in gross income under the Code;


then the City shall be obligated to pay the defeased Refunding Bonds solely from the money and Government Obligations deposited with the escrow agent or trustee, and the City shall have no further obligation to pay the defeased Refunding Bonds from any source except the amounts deposited in the escrow. For purposes of this section, "Government Obligations" means direct obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

Dated this 20th day of October 1993.

City of Prineville, Crook County, Oregon



Mayor



City Manager

**EXHIBIT A
(Form of Bond)**

No. R- _____

\$ _____

United States of America
State of Oregon
City of Prineville
Crook County, Oregon
General Obligation Refunding Bonds
Series 1993

Dated Date: November 1, 1993
Interest Rate: _____ %
Maturity Date: _____ 1, _____
CUSIP Number: _____ - _____

Registered Owner: -----Cede & Co.-----
Principal Amount: ----- Dollars-----

City of Prineville, Crook County, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the registered owner hereof, or registered assigns, the principal amount as indicated above on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the first day of _____ and the first day of _____ in each year until maturity or prior redemption, commencing _____ 1, 199_. Principal and interest payments shall be received by Cede & Co., as nominee of The Depository Trust Company, or its registered assigns, on each payment date. Such payments shall be made payable to the order of "Cede & Co."

This bond is one of a duly authorized series of bonds aggregating 1,400,000 in principal amount designated as General Obligation Refunding Bonds, Series 1993 (the "Bonds"). The Bonds are issued for the purpose of refunding portions of the City's outstanding General Obligation Fire Hall Bonds, dated June 1, 1976, General Obligation Water Bonds, Series 1985, dated August 1, 1985, General Obligation Water Refunding Bonds, Series 1988, dated June 1, 1988. The Bonds are issued under and pursuant to Resolution No. _____ (the "Resolution") of the City adopted on _____ and in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

The Bonds are initially issued as a book-entry-only security issue with no certificates provided to the Bondowners. Records of Bond ownership will be maintained by the Registrar and The Depository Trust Company and its participants.

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

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

[insert term bond provisions, if applicable]

Notice of any call for redemption shall be given as required by the Letter of Representations to The Depository Trust Company, as referenced in the Bond Resolution. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Issuer's paying agent and registrar, which is currently First Interstate Bank of Oregon, N.A., in Portland, Oregon (the "Registrar"), will notify The Depository Trust Company promptly of any Bonds called for redemption.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; and that the issue of which this bond is a part, and all other obligations of such City, are within every debt limitation and other limit prescribed by such Constitution and Statutes; and that the City has covenanted to levy a tax upon all taxable property within the City in an amount sufficient, with other available funds, to pay when due the interest on and the principal of the bonds

IN WITNESS WHEREOF, the City Council has caused this bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its Recorder as of the date indicated above.

City of Prineville, Crook County, Oregon

Mayor

Recorder

This Bond shall not be valid unless properly authenticated by the Registrar in the space indicated below.

Dated: _____

Certificate of Authentication

This is one of City's \$_____ General Obligation Refunding Bonds, Series 1993, issued pursuant to the Resolution described herein.

First Interstate Bank of Oregon, N.A., as Registrar

Authorized Officer

Assignment

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto: _____

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

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

Dated: _____

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

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

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

- TEN COM -- tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common
- OREGON CUSTODIANS use the following:
- _____ CUST UL OREG _____ MIN
- as custodian for (name of minor)
- OR UNIF TRANS MIN ACT
- under the Oregon Uniform Transfer to Minors Act

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

EXHIBIT B
Form of Escrow Deposit Agreement

Exhibit B

ESCROW DEPOSIT AGREEMENT

between

City of Prineville

and

First Interstate Bank of Oregon, N.A.

Dated as of November 12, 1993

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ESCROW DEPOSIT AGREEMENT

**1,400,000
City of Prineville
Crook County, Oregon
General Obligation Refunding Bonds
Series 1993**

THIS ESCROW AGREEMENT, dated as of November 12, 1993 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the City of Prineville (herein called the "Issuer") and First Interstate Bank of Oregon, N.A., as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof

WITNESSETH:

WHEREAS, the Issuer heretofore has issued and there presently remain outstanding the obligations described in Exhibit B attached hereto (the "Refunded Bonds"); and

WHEREAS, Pursuant to Resolution No. ____ adopted on «DateAuthActAdopted» (the "Authorizing Action"), the Issuer has determined to issue its General Obligation Refunding Bonds, Series 1993 (the "Refunding Bonds") for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

WHEREAS, the Escrow Agent has reviewed the Authorizing Action and this Agreement, and is willing to serve as Escrow Agent hereunder.

WHEREAS, Ernst & Young, Certified Public Accountants, have prepared a verification report which is dated November 12, 1993 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds

WHEREAS, pursuant to the Authorizing Action, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, the Issuer's Authorizing Action authorizes the Issuer to issue Refunding Bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, with the Escrow Agent for the discharge and final payment of the Refunded Bonds; and

WHEREAS, the Authorizing Action further authorizes the Issuer to enter into an escrow agreement with the Escrow Agent with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and the Escrow Agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the principal of, and interest on the Refunded Bonds when due; and

WHEREAS, the issuance, sale, and delivery of the Refunding Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, and interest on the Refunded Bonds when due as shown on Exhibit C attached hereto, and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the Issuer, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Bonds as it accrues and becomes payable and the principal of the Refunded Bonds as it becomes due and payable; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest and redemption premium (if any) on the Refunded Bonds, the Issuer and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Article 1. Definitions and Interpretations.

Section 1.1. Definitions.

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement.

"Escrow Fund" means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other Government Obligations substituted therefor pursuant to Section 4.2 of this Agreement.

"Government Obligations" means (a) direct, noncallable United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) interest portions of direct, noncallable, non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) direct, noncallable REFCORP debt obligations including STRIPS from noncallable REFCORP debt obligations or STRIPS (stripped by the Federal Reserve Bank of New York).

"Paying Agent" means First Interstate Bank of Oregon, N.A., as the paying agent for the Refunded Bonds.

Section 1.2. Other Definitions.

The terms "Agreement", "Issuer", "Escrow Agent", "Authorizing Action", "Verification Report", "Refunded Bonds", and "Refunding Bonds" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

Article 2. Deposit of Funds and Escrowed Securities.

Section 2.1. Deposits in the Escrow Fund.

Concurrently with the sale and delivery of the Refunding Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

Article 3. Creation and Operation of Escrow Fund.

Section 3.1. Escrow Fund.

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the City of Prineville General Obligation Refunding Bonds, Series 1993 Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit "D" attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their respective or redemption maturity dates and interest thereon to such maturity or redemption dates together with any redemption premium in the amounts and at the times shown in Exhibit C attached hereto.

Section 3.3. Sufficiency of Escrow Fund.

The Issuer represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of the Refunded Bonds as the Refunded Bonds mature or are paid on an optional redemption date prior to maturity and any redemption premium payable upon the optional redemption of the Refunded Bonds, all as more fully set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.5. Security for Cash Balances.

Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

Article 4. Limitation on Investments.

Section 4.1. Investments.

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.2. Substitution of Securities.

At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor, and in connection therewith the issuer reserves the right to call for redemption prior to maturity any of the Refunded Bonds to the extent permitted by their authorizing order. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a nationally recognized firm of certified public accountants that such transaction will not cause the amount of money and

securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of principal of, redemption premium on and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the Issuer in connection with such transaction; (b) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended or, if applicable, Section 103(c) of the Internal Revenue Code of 1954, as amended and (c) notice of such transaction is provided to the rating agencies, if any, which have rated the Refunded Bonds.

Article 5. Application of Cash Balances.

Section 5.1. In General.

Except as provided in Section 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent as cash and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

Article 6. Redemption of Refunded Bonds.

Section 6.1. Call for Redemption.

The Issuer hereby irrevocably calls the Refunded Bonds for redemption on their earliest redemption dates, as shown in the Verification Report and on Appendix "A" attached hereto.

Section 6.2. Notice of Redemption.

The Escrow Agent agrees to give notice of the redemption of the Refunded Bonds pursuant to the terms of the Refunded Bonds and in substantially the form attached hereto as Appendix A attached hereto.

Article 7. Records and Reports.

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period

Article 8. Concerning the Paying Agents and Escrow Agent

Section 8.1. Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent

The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 8.3. Compensation.

The Issuer shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of its fee schedule. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

Section 8.4. Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Oregon, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Oregon, having a combined capital and surplus of at least \$25,000,000 and subject to the supervision or examination by federal or state authority

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement, and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

Article 9. Miscellaneous

Section 9.1. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 9.5. Oregon Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Oregon.

Section 9.6. Time of the Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.7. Notice to Moody's.

In the event that this agreement or any provision thereof is severed, amended or revoked, the Issuer shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 99 Church Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds.

Section 9.8. Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunding Bonds or the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

EXECUTED as of the date first written above.

City of Prineville

City Manager

First Interstate Bank of Oregon, N.A.

Authorized Officer

EXHIBIT A
Addresses of the Issuer and Escrow Agent

Issuer:

City of Prineville
400 E Third Street
Prineville, OR 97754

Attention: City Manager

Escrow Agent:

First Interstate Bank of Oregon, N.A.
Investment Division, 15th Floor
1300 S.W. Fifth Avenue
P O. Box 3780
Portland, OR 97208-3780

Attention: Corporate Trust Department

EXHIBIT B
Description of the Refunded Bonds

General Obligation Fire Hall Bonds, dated June 1, 1976

Principal Amount	Date of Maturity
\$20,000.00	June 1, 1994
20,000.00	June 1, 1995
20,000.00	June 1, 1996
20,000.00	June 1, 1997
25,000.00	June 1, 1998
25,000.00	June 1, 1999
25,000.00	June 1, 2000
25,000.00	June 1, 2001
25,000.00	June 1, 2002
35,000.00	June 1, 2003

General Obligation Water Bonds, Series 1985, dated August 1, 1985

Principal Amount	Date of Maturity
\$65,000.00	August 1, 1994
70,000.00	August 1, 1995

General Obligation Water Refunding Bonds, Series 1988, dated June 1, 1988

Principal Amount	Date of Maturity
\$40,000.00	April 1, 1999
40,000.00	April 1, 2000
45,000.00	April 1, 2001
45,000.00	April 1, 2002
50,000.00	April 1, 2003
55,000.00	April 1, 2004
60,000.00	April 1, 2005
65,000.00	April 1, 2006
65,000.00	April 1, 2007
70,000.00	April 1, 2008
80,000.00	April 1, 2009
85,000.00	April 1, 2010
90,000.00	April 1, 2011

EXHIBIT C
Schedule of Debt Service on Refunded Bonds

[to be provided by «CPAFirmProvidingVR»]

EXHIBIT D
Escrow Deposit

I. Cash

II. State and Local Government Series Obligations

Principal Amount	Interest Rate	Maturity Date
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III. Other Government Obligations

Description	Principal Amount	Interest Rate	Maturity Date
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EXHIBIT E
Escrow Fund Cash Flow

[to be provided by «CPAFirmProvidingVR»]

APPENDIX A(1)
Notice of Redemption
City of Prineville, Oregon
General Obligation Fire Hall Bonds, dated June 1, 1976

NOTICE IS HEREBY GIVEN that City of Prineville has called for redemption on December 1, 1993, all of its then outstanding General Obligation Fire Hall Bonds, dated June 1, 1976 (the "Bonds").

The Bonds will be redeemed at a price of One Hundred percent (100%) of their principal amount, plus interest accrued to December 1, 1993. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

City Recorder
City of Prineville
400 East Third
Prineville, Oregon 97754

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on December 1, 1993.

The following Bonds are being redeemed:

Principal Amount	Date of Maturity	Cusip Number
\$20,000.00	June 1, 1994	
20,000.00	June 1, 1995	
20,000.00	June 1, 1996	
20,000.00	June 1, 1997	
25,000.00	June 1, 1998	
25,000.00	June 1, 1999	
25,000.00	June 1, 2000	
25,000.00	June 1, 2001	
25,000.00	June 1, 2002	
35,000.00	June 1, 2003	

By Order of City of Prineville

Dated: _____

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 31% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the

Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

APPENDIX A(2)
Notice of Redemption
City of Prineville, Oregon
General Obligation Water Bonds, Series 1985, dated August 1, 1985

NOTICE IS HEREBY GIVEN that City of Prineville has called for redemption on February 1, 1994, all of its then outstanding General Obligation Water Bonds, Series 1985, dated August 1, 1985 (the "Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to February 1, 1994. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

First Interstate Bank of Oregon, N A
Investment Division, 15th Floor
1300 S.W. Fifth Avenue
P O. Box 3780
Portland, OR 97208-3780

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on February 1, 1994.

The following Bonds are being redeemed:

Principal Amount	Date of Maturity	Cusip Number
\$65,000 00	August 1, 1994	
70,000 00	August 1, 1995	

By Order of City of Prineville

First Interstate Bank of Oregon, N A , as Escrow Agent

Dated: _____

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 31% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

APPENDIX A(3)
Notice of Redemption
City of Prineville, Oregon
General Obligation Water Refunding Bonds, Series 1988, dated June 1, 1988

NOTICE IS HEREBY GIVEN that City of Prineville has called for redemption on April 1, 1998, all of its then outstanding General Obligation Water Refunding Bonds, Series 1988, dated June 1, 1988 (the "Bonds")

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to April 1, 1998. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

First Interstate Bank of Oregon, N A.
Investment Division, 15th Floor
1300 S.W Fifth Avenue
P.O Box 3780
Portland, OR 97208-3780

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on April 1, 1998

The following Bonds are being redeemed:

Principal Amount	Date of Maturity	Cusip Number
\$40,000.00	April 1, 1999	
40,000.00	April 1, 2000	
45,000 00	April 1, 2001	
45,000 00	April 1, 2002	
50,000 00	April 1, 2003	
55,000.00	April 1, 2004	
60,000.00	April 1, 2005	
65,000 00	April 1, 2006	
65,000.00	April 1, 2007	
70,000.00	April 1, 2008	
80,000.00	April 1, 2009	
85,000 00	April 1, 2010	
90,000 00	April 1, 2011	

By Order of City of Prineville

First Interstate Bank of Oregon, N A., as Escrow Agent

Dated: _____

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 31% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.