

RESOLUTION NO. 744

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF PRINEVILLE, OREGON, CAPITAL ASSET INTERIM NOTE, SERIES 1993, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,300,000 FOR THE PURPOSE OF PROVIDING INTERIM FINANCING OF THE COSTS OF FINANCING THE ACQUISITION OF A GOLF COURSE CLUB HOUSE AND EQUIPMENT AND IMPROVEMENTS ASSOCIATED THEREWITH FOR THE CITY; PROVIDING FOR THE FORM AND TERMS OF SAID NOTE; AUTHORIZING THE PAYMENT OF SAME; APPROVING THE PERMANENT FINANCING OF SAID PROPERTY BY THE LEASE LEASE/BACK OF THE PROPERTY TO UNITED STATES NATIONAL BANK OF OREGON; AND AUTHORIZING THE OFFICERS OF THE CITY TO EXECUTE THE NOTE, THE SITE LEASE AND THE LEASE/PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AND CERTIFICATES AS MAY BE NECESSARY TO CARRY OUT THE TRANSACTIONS CONTEMPLATED BY THE AFOREMENTIONED NOTE, SITE LEASE AND LEASE/PURCHASE AGREEMENT.

WHEREAS, the City of Prineville (the "City"), desires to acquire certain capital assets for a golf course club house and equipment and improvements associated therewith (the "Property"); and

WHEREAS, the City has authority under its charter to enter into a lease lease/back arrangement for the permanent financing of the Property; and

WHEREAS, United States National Bank of Oregon ("US Bank" or "Purchaser") has submitted a proposal to provide both the interim financing and the permanent financing of the Property; and

WHEREAS, the City is authorized under ORS 288.165 to borrow money on an interim basis for capital assets; and

WHEREAS, the Property qualifies as a capital asset; and

NOW, THEREFORE, THE COUNCIL OF THE CITY DOES RESOLVE AS FOLLOWS:

Section 1. Issue. For the above purposes, the City shall issue its Capital Asset Interim Note, Series 1993, (the "Note") in the amount of not to exceed \$2,300,000, to be dated as of the date of sale of said Note to the purchaser to be in the form of a single note, to be in bearer form, to bear interest at a rate of not to exceed 5% per annum, payable at maturity on December 15, 1993, or prior redemption.

Interest is computed on the basis of a 360-day year of twelve 30-day months.

Interest on and principal thereof shall be payable in lawful money of the United States of America by check or draft by the City upon presentation and surrender at maturity or prior redemption. Interest on the Note shall cease at maturity or on a date prior thereto on which they have been duly called for redemption unless the City shall be default in payment of the principal amount or redemption price, as the case may be, in which case interest will continue to accrue.

Section 2. Redemption. The City reserves the right to redeem the Note, in whole or in part, on April 1, 1993, and on any business day thereafter upon seven days prior written notice to the Purchaser at par plus accrued interest to the redemption date.

Section 3. Security. The Note is payable solely from, and at the time of receipt of, the proceeds of (i) the permanent lease/purchase financing of the Property with US Bank pursuant to the Site Lease, in form attached hereto as Exhibit E, and the Lease/Purchase Agreement, in form attached hereto as Exhibit C, (ii) any Note proceeds that have not been expended, including Note proceeds held by the City or held by an escrow agent, and (iii) the proceeds of any other permanent financing of the Property. In the event that the City is not able to secure permanent financing, the City shall enter into the Site Lease for the Property in consideration of the return and surrender of the Note to the City. The City covenants and warrants with the Purchaser of the Note that it will not so long as the Note is outstanding convey, lease or otherwise encumber the Property (other than any existing encumbrances disclosed to Purchaser) and that the Property shall remain free and clear of all restrictions, liens, encumbrances and mortgages.

Section 4. Form of Note. The Note shall be in substantially the form set forth in Exhibit A.

Section 5. Tax Covenants. The City covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Note under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"). The City will not directly or indirectly use or permit the use of any proceeds of the Note or any other funds of the City, or take or omit to take any action that would cause the Note to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Note. In the event that any time the City is of the opinion that for purposes of this Section 5 it is necessary to restrict or limit the yield on the investment of any moneys held by the City, the City shall take such action as may be necessary.

Without limiting the generality of the foregoing, the City agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Note from time to time. This covenant shall survive payment in full or defeasance of the Note.

Notwithstanding any provision of this Section, if the City receives an opinion of nationally recognized bond counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion

from gross income of the interest on the Note pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof.

Section 6. Sale of Note. The City Administrator is authorized to accept the offer of U.S. Bank if submitted in a form conforming to the terms of this Resolution. The offer shall be attached to this Resolution as Exhibit B.

Section 7. Small Issuer Exception From Rebate Requirements. In accordance with Section 148(f)(4)(C) of the Code, the City represents and warrants that it is a governmental unit with general taxing powers; that the Note is not private activity bonds as defined in Section 141 of the Code; that 95% or more of the net proceeds of the Note are to be used for the local government activities of the City and that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities) during the calendar year 1993 is not reasonably expected to exceed \$5,000,000.

Section 8. Qualified Tax-Exempt Obligation. The City hereby designates the Note as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds) issued or to be issued by the City (and all subordinate entities thereof) during the calendar year 1993 is not reasonably expected to exceed \$10,000,000. The City hereby covenants that the City and all its subordinate entities will not issue in excess of \$10,000,000 of qualified tax-exempt obligations (including the Note but excluding private activity bonds other than qualified 501(c)(3) bonds) during the calendar year 1993 without first obtaining an opinion of nationally recognized counsel in the area of municipal finance that the designation of Notes as "qualified tax-exempt obligations" will not be adversely affected.

Section 9. Further Authority for Note Issuance and Permanent Financing. The officers of the City are hereby authorized and directed to execute and carry out or cause to be carried out the obligations which are necessary or advisable in connection with this Resolution and the issuance, sale and delivery of the Note including, but not limited to execution of the Note, execution of the Site Lease and execution of the Lease/Purchase Agreement. The officers of the City are further authorized and directed to prepare and furnish to the attorneys passing on the legality of the Note, Site Lease and Lease/Purchase Agreement certified copies of all proceedings, ordinances, resolutions and records and all such certificates and affidavits and other instruments as may be required to evidence the legality and marketability of the Note, and all certified copies, certificates, affidavits and other instruments so furnished shall constitute representations of the City as to the correctness of all facts stated or recited therein.

The officers of the City are further authorized and directed, if requested by Purchaser, to assist in the preparation of, to review and to execute any disclosure document for the sale of the Note or the Lease/Purchase Agreement, including certificates of participation in the foregoing, and to take such other actions to comply with Securities and Exchange Commission Rule 15c2-12.

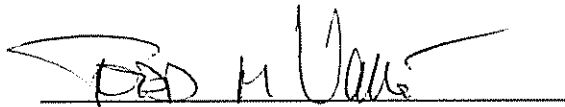
Section 10. Approval of Lease/Purchase Plan. The terms of the Lease/Purchase Agreement and the Site Lease are hereby approved in substantially the form submitted to and reviewed by the Council as Exhibits C and D with such changes therein as shall be approved by the City Administrator executing said documents.

The total principal component of rental payments shall not exceed \$2,300,000. The City Administrator shall approve the final Payment Schedule to the Lease/Purchase Agreement. The City Administrator shall also approve the prepayment provisions under the Lease/Purchase Agreement and the applicable prepayment premiums. The City reserves the right to obtain permanent financing from other parties. The City Administrator or his designee is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to issue, sell and deliver the Site Lease and Lease/Purchase Agreement in accordance with this Resolution.

Section 12. Escrow and Agency Agreement. The City shall enter into an Escrow and Agency Agreement with an escrow agent (the "Escrow Agent") acceptable to US Bank, in substantially the form attached hereto as Exhibit E wherein the Escrow Agent shall deposit the funds received pursuant to the Capital Asset Interim Note financing in a construction fund, shall maintain accounting records, shall invest and shall make disbursements to the City on presentation of a duly authorized form of requisition. The City Administrator is hereby authorized to enter into the Escrow and Agency Agreement on behalf of the City.

Section 13. Effective Date. This Resolution shall take effect and be in full force and effect from and after its passage and approval.

APPROVED BY THE COUNCIL THIS 26TH DAY OF JANUARY 1993.


Title: Mayor

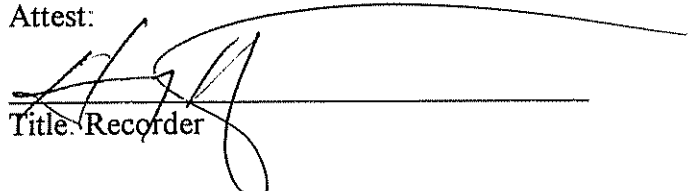
Attest:

Title: Recorder

Exhibit A

Form of Note

\$2,300,000
City of Prineville
State of Oregon
Capital Asset Interim Note
Series 1993

Dated: February 1, 1993 \$2,300,000
Interest Rate: %
Maturity Date: December 15, 1993

Principal Amount: ----Two Million Three Hundred Thousand Dollars----

The City of Prineville, in the County of Crook, State of Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the bearer hereof the principal sum of Two Million Three Hundred Thousand Dollars (\$2,300,000) on the above maturity date or prior redemption, together with interest thereon from the date hereof at the rate per annum indicated above, calculated on a 30-day month, 360-day year basis, but solely from the sources described below. Principal of and interest on the Note are payable at maturity or prior redemption. The Note is payable at the principal office of the United States National Bank of Oregon, Prineville, Oregon.

This Note is not a general obligation of the City. This Note is payable solely from funds legally available to the City, as provided in Resolution No. _____, authorizing issuance of this note (the "Note Resolution").

This Note is issued by the City to reimburse the City for providing interim financing and to finance the construction and acquisition of capital assets (the "Property") pursuant to the Note Resolution and Oregon Revised Statutes Section 288.165 in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The City reserves the right to redeem all or any portion of the Note on April 1, 1993, and on any business day thereafter, at a price of par plus interest accrued to the date fixed for redemption.

Unless waived, notice of any call or redemption shall be mailed not less than seven days prior to such call and otherwise given as required by law and the Note Purchase Agreement; however, any failure to give notice shall not invalidate the redemption of the Note. The Note portion called for redemption shall cease to bear interest from the date designated in the notice.

The Note is issuable in the form of a bearer note without coupons. Notes may be exchanged for notes of the same aggregate principal amount, but different authorized denominations.

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 Note 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 the Charter of the City; that the issue of which this Note is a part, and all other obligations of such City, are within every debt limitation and other limits prescribed by such Constitution, Statutes and Charter.

IN WITNESS WHEREOF, the City Council of the City of Prineville, Crook County, Oregon, has caused this Note to be signed by manual signature of its Administrator as of the date indicated above.

City of Prineville, Crook County, Oregon

City Administrator

Exhibit B

\$2,300,000
City of Prineville
State of Oregon
Capital Asset Interim Note
Series 1993

Offer to Purchase Note and Terms of Permanent Financing

Exhibit C

\$2,300,000
City of Prineville
State of Oregon
Capital Asset Interim Note
Series 1993

Form of Lease/Purchase Agreement

LEASE/PURCHASE AGREEMENT

Lease/Purchase Agreement (the "Agreement") dated as of _____, 1993, and entered into between United States National Bank of Oregon ("Lessor"), and City of Prineville, Oregon, a charter city politic existing under the laws of the State of Oregon ("Lessee").

W I T N E S S E T H:

WHEREAS, State Law and the Charter of the Lessee authorizes Lessee to enter into binding lease/purchase agreements for the lease with option to purchase of property; and

WHEREAS, Lessee desires to finance certain equipment and improvements to certain real property (the "Real Property" being set forth in Exhibit C hereto); and

WHEREAS, Lessee intends to finance such equipment and improvements to the Real Property (the "Improvements") and to use said Improvements in its governmental activities; and

WHEREAS, Lessee intends to lease the Real Property to Lessor pursuant to a Site Lease and lease/purchase back the Real Property and improvements to the Real Property (the Real Property with Improvements thereto being collectively called the "Property"); and

WHEREAS, Lessee has this day leased the Real Property to Lessor pursuant to the Site Lease and consideration paid by Lessor as provided therein and herein; and

WHEREAS, Lessor desires to lease back the Property to Lessee and Lessee desires to lease the Property from Lessor subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, Lessee is authorized under the Charter of the Lessee and the Constitution and laws of the State of Oregon to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the premises and covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor, Standby Trustee (as defined in this Agreement) and any Registered Owners (as defined in this Agreement) as follows:

- (a) Lessee is a public body corporate and politic duly organized and existing under the constitution and laws of the State of Oregon with full power and authority to enter into this Agreement and the transaction contemplated hereby and to perform all of its obligations hereunder.

- (b) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic. To the extent Lessee should merge with another political subdivision under the laws of the State of Oregon, Lessee agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Lessee's rights and shall assume Lessee's obligations hereunder.
- (c) Lessee has been duly authorized to execute and deliver this Agreement by proper action by its governing body, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Property hereunder.
- (d) During the Lease Term, the Property will perform and will be used by Lessee only for the purpose of performing essential governmental uses and public functions of Lessee consistent with the permissible scope of Lessee's authority.
- (e) Lessee will annually provide Lessor with current financial statements, budgets, proof of appropriation for the ensuing budget year and such other financial information relating to the ability of Lessee to continue this Agreement as may be requested by Lessor.
- (f) Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Rental Payments.
- (g) Lessee covenants and agrees that it will use the proceeds of the Agreement as soon as practicable after receipt and with all reasonable dispatch for the purpose for which the Agreement has been entered into, and that no part of the proceeds of the Agreement shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Agreement to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Agreement.
- (h) Lessee hereby designates the Agreement as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates to issue qualified tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of Lessee), during the calendar year of the Commencement Date of this Agreement in an amount not exceeding \$10,000,000.
- (i) Lessee represents and warrants that (i) it is a governmental unit under the law of the State of Oregon with general taxing powers, (ii) the Agreement is not a private activity bond as

defined in Section 141 of the Code, (iii) 95% or more of the net proceeds of the Agreement will be used for local government activities of Lessee and (iv) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by Lessee (and all subordinate entities thereof) during the calendar year of the Commencement Date of this Agreement is not reasonably expected to exceed \$5,000,000.

- (j) The execution, delivery and performance of this Agreement and compliance with the provisions hereof by the Lessee does not conflict with or result in a violation or breach or constitute a default under, any resolution, bonds, agreement, indenture, mortgage, note, lease or other instrument to which the Lessee is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over the Lessee or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of the Lessee or to which it is subject. Lessee warrants and represents that the liens and encumbrances presently existing on the Property do not, and in the event of exercise by any party with rights therein, will not, affect Lessee's use and enjoyment of the Property as anticipated under this Agreement.
- (k) Lessee represents and warrants to Lessor and Standby Trustee that Lessee's use of the Property has been and will be in full compliance with all federal, state and local statutes, ordinances, rules, regulations and other laws pertaining to Hazardous Substances (as hereinafter defined). Lessee has no notice or knowledge that Hazardous Substances have been generated, stored or disposed of on the Property or have been transported to or over the Property. Lessee agrees to hold harmless, indemnify and defend Lessor as Standby Trustee from and against any claim, demand, penalty, fee, lien, damage, loss, expense or liability resulting from (i) any breach of the representations or warranties made by it in this paragraph 1.01(k), including attorney's fees and costs of, or in preparation for, any administrative or judicial proceeding or appeal review; (ii) the contamination by Hazardous Substances of the Property or any other properties directly or indirectly resulting from any activities on the Property, and (iii) the contamination by Hazardous Substance of the Property or any other properties directly or indirectly resulting from any activities that occurred on the Property prior to the leasing of the Property to Lessor under the Site Lease. As used herein, the term "Hazardous Substance" shall mean any hazardous, toxic or dangerous substance, waste or material that is or may become regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean-up, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et. seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1257 et. seq.) or the Clean Air Act (42 U.S.C. §§ 2001 et. seq.), and amendments thereto.
- (l) The information provided to Lessor, including financials and projections for the Project, does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

ARTICLE II

Section 2.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Agreement" means this Lease/Purchase Agreement, including the Exhibits attached hereto.

"Commencement Date" is the date when the term of this Agreement and Lessee's obligation to pay rent commences, which date shall be the Commencement Date set forth in Exhibit B.

"Lease Term" is defined in Section 4.01.

"Lessee" means the entity described as such in the first paragraph of this Agreement, its successors and assigns.

"Lessor" means the entity described as such in the first paragraph of this Agreement, its successors and its assigns pursuant to Section 12.01.

"Property" means the property described in Exhibit C and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article IX.

"Project" shall have the meaning set forth in the Site Lease.

"Purchase Price" means the amount that Lessee may, in its discretion, pay to Lessor to purchase the Property, as set forth in Exhibit D hereto.

"Registered Owners" means the registered owner or owners of interests in this Lease/Purchase Agreement.

"Rental Payments" means the basic rental payments payable by Lessee pursuant to Article VI.

"Standby Trustee" means Seattle-First National Bank.

"Trust Agreement" means the Master Trust Agreement dated as of March 1, 1992, among Lessor, and Seattle-First National Bank as Standby Trustee.

"Vendor" means the manufacturer of or contractor for the improvements to the Property as well as the agents or dealers of the manufacturer or contractor from whom the improvements are being acquired.

ARTICLE III

Section 3.01. Lease of Property. Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Property in accordance with this Agreement, for the Lease Term.

ARTICLE IV

Section 4.01. Lease Term. The term of this Agreement shall commence on the Commencement Date and shall terminate upon payment of the final Rental Payment set forth in Exhibit B and the exercise of the Purchase Option set forth in Section 11.01(a), unless terminated sooner pursuant to this Agreement.

Section 4.02. Funding and Acceptance of Property. Lessee purchased the Real Property from the previous owners. On the Commencement Date, the Property will be leased to Lessor pursuant to the Site Lease. Lessee hereby accepts the Property. Lessee shall cause to be provided a leasehold title insurance policy acceptable to Lessor and in an amount equal to the original total principal component of Rental Payments under this Agreement.

Section 4.03. Disbursement of Funds for Improvements. On or before the Commencement Date, Lessor shall cause to be deposited with Standby Trustee the sum of not to exceed \$2,300,000 for the acquisition of the Improvements and in consideration of the Site Lease. Such moneys shall be applied in to payment of the Capital Asset Interim Note the proceeds of which were used for the acquisition and construction of the Improvements. To the extent moneys deposited under this section for the acquisition and construction of the Improvements shall be insufficient to acquire all of the Improvements, Lessee covenants to complete the Improvements with its own funds. When the Improvements are completed, Lessee shall immediately accept the Improvements and evidence said acceptance by executing and delivering to Lessor the Acceptance Certificate in the form attached hereto as Exhibit D.

ARTICLE V

Section 5.01. Enjoyment of Property. Lessee shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Property, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement. Any Registered Owner shall not interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under this Agreement.

Section 5.02. Inspection. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of Lessee for the purpose of inspecting the Project.

ARTICLE VI

Section 6.01. Rental Payments to Constitute a Binding Contractual Obligation of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder shall constitute a binding contractual obligation of Lessee for the full Lease

Term. Lessee covenants to include all such Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriation for all such Rental Payments. Such Rental Payments shall be payable solely from funds generated by the Project and from any funds received from the Sewer Fund for the right to discharge certain effluent on the lands consisting of the Project and as provided in the Site Lease. The Agreement shall not be subject to termination by Lessee in the event Lessee fails to appropriate Rental Payments. Notwithstanding the foregoing, under no circumstances is the general fund or the ad valorem tax revenues of the Lessee pledged or encumbered for payment of Rental Payments and under no circumstances is Lessee obligated to make payment of Rental Payments from the general fund of Lessee or the ad valorem tax revenues of Lessee. Lessee reserves the right to make payment from the general fund or ad valorem tax revenues if it so chooses. Once funds have been appropriated during a fiscal year from the general fund of Lessee for payment of Rental Payments, such appropriation shall be binding upon Lessee.

Section 6.02. Payment of Rental Payments. Lessee shall promptly pay Rental Payments, exclusively from legally available funds, in lawful money of the United States of America to Lessor in such amounts and on such dates as described in Exhibit B hereto. Payment shall be such that the Lessor or its assigns shall be in receipt of the Rental Payment on the date such Rental Payment is due. In the event the Lessee shall pay by check or draft, such check or draft must be mailed at least three business days prior to the date such Rental Payment is due. In the event Lessee shall pay by wired funds, such funds must be received on the business day prior to the date such Rental Payment is due. Lessee shall pay Lessor a charge on any delinquent Rental Payment at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

Section 6.03. Interest Component. A portion of each Rental Payment is paid as, and represents payment of, interest, and Exhibit B hereto sets forth the interest component of each Rental Payment during the Lease Term.

Section 6.04 Defeasance of Rental Payments. Lessee may at any time irrevocably deposit in escrow with Lessor for the purpose of paying all of the principal component and interest component accruing under this Agreement, a sum of cash and securities of the types described in ORS 288.650 in such aggregate amount, bearing interest at such rates and maturing or callable at the holder's option on such dates as shall be required to provide funds sufficient for this purpose. Upon such defeasance, all right, title and interest of Lessor in the Equipment shall terminate. Such investment must comply with federal tax law so that the exclusion from gross income of the interest component of Rental Payments is not adversely effected.

Section 6.05. Rental Payments to be Unconditional. THE OBLIGATIONS OF LESSEE TO MAKE PAYMENT OF THE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE PROPERTY OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

ARTICLE VII

Section 7.01. Title to the Property. Title to the Property shall remain with the Lessee throughout the term of this Agreement subject to Lessor's interest in the Site Lease and this Agreement.

Title to the equipment part of the Improvements shall vest in Lessee and Lessor shall have no interest in such equipment; provided that Lessee shall be limited in its use of the equipment in such a manner that will not adversely effect the federal tax-exemption of the interest component of Rental Payments under this Agreement.

ARTICLE VIII

Section 8.01. Maintenance of Property by Lessee. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Property in good repair and working order. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Property. Should Lessee fail to maintain, preserve and keep the Property in good repair and working order and if requested by Lessor, Lessee will enter into maintenance contracts for the Property in form approved by Lessor and with approved providers.

Section 8.02. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Property free of all levies, liens and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Property will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Property will be exempt from all property taxes. The Rental Payments payable by Lessee under this Agreement have been established to reflect the savings resulting from this exemption from taxation. Lessee will take such actions necessary under ORS 307.112 to obtain said exemption. Nevertheless, if the use, possession or acquisition of the Property is determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Property. Lessee shall pay all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Property. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term.

Section 8.03. Insurance. At its own expense, Lessee shall maintain (i) casualty insurance insuring the Property against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in Lessee's state and any other risks reasonably required by Lessor in an amount equal to at least the outstanding principal component of Rental Payments and, (ii) liability insurance that protects Lessor from liability in all events in an amount satisfactory to Lessor and (iii) worker's compensation insurance covering all employees working on, in, near or about the Property; provided that, with Lessor's prior written consent, Lessee may self-insure against such risks. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Agreement. Lessee shall furnish to Lessor, at Lessor's request, certificates evidencing such coverage.

All such insurance shall be with insurers that are authorized to issue such insurance in the State of Oregon, shall name Lessee and Lessor and Standby Trustee as insureds and shall contain a provision to the effect that such insurance shall not be canceled or modified materially and adversely to the interest of Lessor without first giving written notice thereof to Lessor at least ten (10) days in advance of such cancellation or modification. Such changes shall not become effective without Lessor's prior written consent, which consent shall not be unreasonably withheld. All such casualty insurance shall contain a provision making any losses payable to Lessee and Lessor as their respective interests may appear.

Section 8.04. Advances. In the event Lessee shall fail to either maintain the insurance required by this Agreement or keep the Property in good repair and working order, Lessor may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums thereof and maintain and repair the Property and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term and shall be due and payable on the next rental payment date and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date such amounts are advanced until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE IX

Section 9.01. Damage, Destruction and Condemnation. If (a) the Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Property or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Property, unless Lessee shall have exercised its right to defease the Agreement as provided herein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

For purposes of Section 8.03 and this Article, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 9.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article VI, or (b) defease Lessor's interest in the Property pursuant to Section 6.04 or purchase Lessor's interest in the Property pursuant to Section 11.01. The amount of the Net

Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after such defeasance may be retained by Lessee.

ARTICLE X

Section 10.01. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR WARRANTY WITH RESPECT THERETO. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement.

Lessee agrees that it has ascertained, from sources other than Lessor, the applicable zoning, building, housing and other regulatory ordinances and laws and that it accepts the Property with full awareness of these ordinances and laws as they may affect the present use or any intended future use of the Property, and Lessor has made no representations in this respect. Lessee certifies that this Agreement is accepted and executed on the basis of its own examination and personal knowledge of the Property and opinion of the value thereof; that no attempts have been made to influence its judgment, and that no representations as to the feasibility of refinancing this Property to meet Lessee's obligations has been made by Lessor or any agent of Lessor.

Section 10.02. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Property that Lessor may have against the Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of the Vendor of the Property.

Section 10.03. Use of the Property. Lessee will not install, use, operate or maintain the Project improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Project. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of Property may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Property; provided that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Property or its interest or rights under this Agreement.

ARTICLE XI

Section 11.01. Purchase Option. Lessee shall have the option to purchase Lessor's interest in the Property at the following times and upon the following terms:

- (a) On the last day of the Lease Term, if the Agreement is still in effect on such day, upon payment in full of Rental Payments due hereunder and the payment of One (1) Dollar to Lessor.
- (b) Upon giving written notice to Lessor at least sixty (60) days before the time of purchase, semi-annually on any Rental Payment date, commencing on _____ 1, 19__, upon payment of the Rental Payment then due and all outstanding principal component of Rental Payments. [5-year call at 101% declining 1/2 of 1% per year]

Section 11.02. Termination of Site Lease. Upon exercise of the purchase option in Section 11.01 and payment of the applicable amount set forth in Section 11.01, and performance by Lessee of all other terms, conditions and provisions hereof, Lessor shall promptly deliver to Lessee an executed Termination of Site Lease terminating the Site Lease of the Property to Lessee.

ARTICLE XII

Section 12.01. Assignment by Lessor. Lessor may assign its interest in this Agreement. Lessor and Standby Trustee are parties to a Master Trust Agreement, dated as of September 1, 1991, whereunder lease/purchase agreements may be assigned to Standby Trustee for the purpose of executing and delivering certificates of participation in such lease/purchase agreements. In the event of such assignment, Lessor shall provide notice of such assignment and Standby Trustee shall maintain a register of all owners of interests in the certificates of participation. So long as this Agreement remains in the name of a single lessor, or its assigns, Lessee shall maintain a register of the Lessor of the Agreement.

Lessee agrees to execute all documents, including notices of assignment and financing statements, that may be reasonably requested by Lessor or any Registered Owner to protect its interest in the Property and in this Agreement. In connection with any assignment of Lessor's right, title and interest in, to and under this Agreement and the Property, Lessee agrees to review the disclosure information on the Lessee in disclosure documents prepared by Lessor and upon conformance with any changes requested by Lessee. Lessee shall deem it a final disclosure document (the near final official statement) under Securities and Exchange Commission Rule 15c-12. Lessee will otherwise cooperate and consent to the execution and delivery of certificates of participation in this Agreement.

Section 12.02. Assignment and Subleasing by Lessee. Except as provided in Section 1.01(b), none of Lessee's rights, title and interest in, to and under this Agreement and in the Property may be assigned or encumbered by Lessee for any reason; except that Lessee may sublease all or part of the Property if Lessee obtains the prior written consent of Lessor and an opinion of counsel satisfactory to Lessor that such subleasing will not adversely affect the

exemption of the interest components of the Rental Payments from federal income taxation. Any such sublease of all or part of the Property shall be subject to this Agreement and the rights of the Lessor in, to and under this Agreement and the Property and Lessee shall remain liable for performance hereunder.

Section 12.03. Release and Indemnification Covenants. To the extent permitted by the law, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor and Standby Trustee from and against any and all liability, obligation, loss, claim and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Agreement, the ownership of any item of the Property, the operation of the Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Property or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Property resulting in damage to property or injury to or death to any person; provided, however, that Lessee shall not be deemed to be indemnifying Lessor, Standby Trustee or any Registered Owner for its own willful or negligent conduct. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

Section 12.04. Assignment of Rents and Leases. In the Event of Default, Lessee grants, transfers and assigns to Lessor all of the Lessee's rights, title and interest in and to any and all renting or leasing of space, whether on a daily basis or otherwise, now or at any time hereafter entered into by the Lessee (the "Rents") covering the Project, together with (i) any and all extensions and renewals thereof, (ii) any funds received from the Sewer Fund of Lessee for the right to discharge certain effluent on the lands consisting of the Project and as provided in the Site Lease, (iii) the immediate and continuing right to collect and receive all rents, income, payments and profits arising out of the Rents or out of the Project or any part thereof, including, without limitation, the operation of support services on the Project such as shops, pro shops, catering and restaurant facilities, golf cart rentals, greens fees, laundry facilities (the "Rents"), (iv) all payments derived therefrom including, but not limited to, claims for the recovery of damages done to the Project or for the abatement of any nuisance existing thereon, claims for damages resulting from defaults under the Rents whether resulting from acts of insolvency or acts of bankruptcy or otherwise, and lump sum payments for the cancellation of the Rents or the waiver of any obligation or term thereof prior to the expiration date and the return of any insurance premiums or ad valorem tax payments made in advance and subsequently refunded, all for the purpose of securing the Lessee's performance and discharge of each and every obligation, covenant and agreement of the Lessee contained in this Agreement. This assignment shall constitute a security interest in the Rents and a perfected, absolute and present assignment of the Rents.

Upon or at any time after the occurrence of an Event of Default under this Agreement, Lessor, without regard to waste, adequacy of security or solvency of the Lessee, shall have the right to revoke the privilege granted the Lessee hereunder to collect the Rents, and, at its option, without notice, either to:

(i) In person or by agent, with or without taking possession of or entering the Project, with or without bringing any action or proceeding, give, or require the Lessee to give, notice to the Tenants authorizing and directing the Tenants to pay all Rents directly to Lessor; collect all of the Rents; enforce the payment thereof and exercise all of the rights of the Lessee under the Rentals and all of the rights of Lessor hereunder; enter upon, take possession of, manage and operate the Project, or any part thereof; cancel, enforce or modify the Rentals, and fix or modify Rents, and do any acts which Lessor reasonably deems proper to protect the security hereof; or

(ii) Apply for appointment of a receiver in accordance with applicable law, which receivership the Lessee hereby consents to, which receiver shall collect the Rents; manage the Property so as to prevent waste; execute Rentals within or beyond the period of receivership; and perform the terms of this assignment and apply the Rents as provided herein.

The rights contained in this assignment of Rentals are in addition to and shall be cumulative with the rights given and created in this Agreement, and shall in no way limit the rights created hereunder.

Nothing contained herein and no actions taken pursuant to this assignment shall be construed as constituting Lessor a "mortgagee in possession."

Section 12.05. Security Interest. To secure the payment of all of the Lessee's obligations under this Agreement, the Lessee grants to Lessor a security interest constituting a first lien on the portion of the Property constituting personal property, and on all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. The Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and the security interest of the registered owners of any certificates of participation or any other assignee of Lessor in the Property.

ARTICLE XIII

Section 13.01. Events of Default Defined. Any of the following shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein;
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, under this Agreement or the Site Lease, other than as referred to in subparagraph (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if

corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

- (c) Any statement, covenant, representation or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance, including any in the Site Lease, shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or
- (e) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

Section 13.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option and without any further demand or notice to take one or any combination of the following remedial steps:

- (a) Without terminating this Agreement and by written notice to Lessee, Lessor may declare all Rental Payments and other amounts payable by Lessee hereunder to the end of the then current budget year of Lessee to be due, including without limitation delinquent Rental Payments from prior budget years;
- (b) By written notice to Lessee, declare all outstanding Rental Payments due, in which case Lessee agrees to pay to Lessor a sum sufficient to defease this Agreement under Section 6.04 as well as any other sums due hereunder, and upon such payment by Lessee, Lessor's right, title and interest in the Property shall terminate;
- (c) Specifically enforce the terms of this Agreement by suit in equity;
- (d) Declare this Agreement to be void after reasonable notice as provided by ORS 93 915, or its successor, of Lessor's intention to do so, unless the performance then due under this Agreement is tendered or accomplished prior to the time stated. Upon the maturing of such declaration, all of the Lessee's rights hereunder shall cease without further act by Lessor, Lessor shall be entitled to immediate possession of the Property, and all payments

previously made to Lessor by Lessee may be retained by Lessor as reasonable rental of the Property up to the time of default.

- (e) Lessor shall be entitled to the appointment of a receiver as a matter of right whether or not the apparent value of the Property exceeds the amount of the balance due hereunder, and any receiver appointed may serve without bond. Employment by Lessor shall not disqualify a person from serving as receiver. Upon taking possession of all or any part of the Project the receiver may:
- i. Use, operate, manage, control and conduct business on the Project and make expenditures for all maintenance and improvements as in the judgment of the receiver are proper.
 - ii. Collect all rents, revenues, income, issues and profits from the Project and apply such sums to the expenses of use, operation and management.
 - iii. At Lessor's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Lessor deems appropriate.

If the revenues produced by the Project are insufficient to pay expenses, the receiver may borrow, from Lessor or otherwise, such sums as it deems necessary for the purposes stated in this paragraph, and repayment of such sums shall be secured by this Agreement. The amounts borrowed or advanced shall bear interest at the same rate as the balance of the purchase price hereunder from the date of expenditure until repaid and shall be payable by Lessee on demand.

Section 13.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 13.04. Costs and Attorney Fees. In the event of default by Lessee of any term of this Agreement, Lessee agrees to pay and reimburse Lessor, in addition to all other amounts due hereunder, all of Lessor's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Lessee, shall be secured by this Agreement until paid and shall bear interest at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

In the event suit or action is instituted to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the

court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action, in addition to all other sums provided by law.

ARTICLE XIV

Section 14.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party), to any assignee at its address as it appears on the registration books maintained by Lessee.

Section 14.02. Certification as to Arbitrage. Lessee hereby represents as follows:

- (a) The estimated total costs of the Improvements out of the proceeds of this Agreement will not be less than the total principal amount of the Rental Payments.
- (b) The Improvements have been acquired and paid for and the proceeds of this Agreement shall be expended for the payment of the interim financing of the Improvements within 30 days of the Commencement Date of this Agreement.
- (c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.
- (d) The Property has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.
- (e) To the best of Lessee's knowledge, information and belief, the above expectations are reasonable.
- (f) Lessee has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

Section 14.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 14.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.05. Amendments, Changes and Modifications. This Agreement may be amended by Lessor and Lessee; provided that no amendment that affects the rights of the Registered Owners shall be effective unless it shall have been consented to by the Registered Owners of a majority in interest of this Lease/Purchase Agreement, if any.

Section 14.06. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.07. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

Section 14.08. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 14.09. Statement of Consideration. The true and actual consideration for this transfer is \$ _____.

Section 14.10. Use. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Section 14.11. Tax Statements. Until a change is requested, all tax statements shall be sent to the following address:

City of Prineville
400 East Third Street
Prineville, Oregon 97754

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

LESSOR:

UNITED STATES NATIONAL BANK OF OREGON

By: _____
Title: _____

Address: Public Finance Department T-10
P.O. Box 4412
Portland, Oregon 97208

LESSEE:

CITY OF PRINEVILLE, OREGON

By: _____
Mayor

Attest:

By: _____
Recorder
Address: _____

EXHIBIT A

LESSEE'S CERTIFICATE

Re: Lease/Purchase Agreement, dated as of _____, 1993, between United States National Bank of Oregon, as Lessor, and City of Prineville, Oregon, as Lessee

I, the undersigned, the duly appointed, qualified and acting Recorder of the above-captioned Lessee do hereby certify this _____ day of _____, 1993, as follows:

(1) Lessee did, at a _____ [regular/special] meeting of the governing body of the Lessee held _____, 1993, by motion duly made, seconded and carried, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Lease/Purchase Agreement (the "Agreement") and the Site Lease referred to in the Agreement (the "Site Lease") on its behalf by the following named representative of the Lessee, to wit:

<u>Henry Hartley</u>	<u>City Administrator</u>	
Name	Title	Signature

(2) The above-named representative of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

(3) The meeting of the governing body of the Lessee at which the Deed and the Agreement were approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite majority of the members thereof and that the action approving the Agreement and authorizing the execution thereof has not been altered or rescinded. All meetings of the Lessee relating to the authorization and delivery of the Agreement and the Site Lease have been:

- (a) held within the geographic boundaries of the Lessee;
- (b) open to the public, allowing all people to attend;
- (c) held at places that do not practice discrimination on the basis of race, creed, color, sex, age, national origin or disability;
- (d) announced by public notice reasonably calculated to give actual notice to interested persons, including the news media which have requested notice, such notice has included the time and place of the meeting and the principal subjects anticipated to be considered at such meeting;
- (e) in the case of special meetings, announced with at least 24 hours notice to members of the governing body of the Lessee, the news media which have requested notice and to the general public;

- (f) conducted in accordance with internal procedures of the Lessee with a quorum of the governing body of the Lessee in attendance;
- (g) conducted in a place accessible to the disabled; and
- (h) made a good faith effort to have an interpreter for hearing impaired persons, to the extent requested by such a person, at its regularly scheduled meetings and made a reasonable effort to have an interpreter for hearing impaired persons, to the extent requested by such a person, at its special meetings (as required and defined in ORS 192.630(5), as amended).

(4) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.

(5) All insurance required in accordance with the Agreement is currently maintained by the Lessee.

(6) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Rental Payments scheduled to come due during the current budget year and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

(7) To the best of my knowledge after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened against or which affects Lessee wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Agreement, the security interests granted under the Agreement or the enforceability thereof.

(8) The budget year of Lessee is from July 1 to June 30.

(9) The Project will serve an essential use to the District.

IN WITNESS WHEREOF, I hereunto set my hand the day and year first above written.

By: _____
Recorder

EXHIBIT B

PAYMENT SCHEDULE

Re: Lease/Purchase Agreement, dated as of _____, 1993, between United States National Bank of Oregon, as Lessor, and City of Prineville, Oregon as Lessee

All terms used herein have the meanings ascribed to them in the above-referenced Agreement.

- A. Rental Payments. The Rental Payments shall be in the amounts set forth in the "Rental Payment" column of the Payment Schedule contained in this Exhibit C.

- B. Purchase Price Schedule. The Purchase Price at any particular time shall be the amount set forth for such time in the "Purchase Option" column of the Payment Schedule contained in this Exhibit B. The Purchase Price is in addition to all Rental Payments then due (including the Rental Payment shown on the same line in the Payment Schedule). Although a Purchase Price is shown for each Payment Number, the Property may be purchased only as described in Section 11.01 of the Agreement.

- C. Payment Schedule. The Payment Schedule is as set forth below.

EXHIBIT C

PROPERTY DESCRIPTION

Re: Lease/Purchase Agreement, dated as of _____, 1993, between United States National Bank of Oregon, as Lessor, and City of Prineville, Oregon as Lessee

The Property consists of the following real property situated in Crook County, Oregon, with improvements thereon:

Refer to Appendix I

The Project includes the additional real property situated in Crook County, Oregon, with improvements thereon:

EXHIBIT D

ACCEPTANCE CERTIFICATE

United States National Bank
of Oregon
Public Finance Department T-10
P.O. Box 4412
Portland, Oregon 97208

Re: Lease/Purchase Agreement dated as of _____, 1993, between United States National Bank of Oregon, as Lessor, and City of Prineville, Oregon, as Lessee.

Ladies and Gentlemen:

In accordance with the above-referenced Lease/Purchase Agreement (the "Agreement"), the undersigned ("Lessee") hereby certifies and represents to, and agrees with, United States National Bank of Oregon ("Lessor") as follows:

(1) The Improvements, as such term is defined in the Agreement, have been acquired, made, delivered, installed and accepted on the date indicated below.

(2) Lessee has conducted such inspection and/or testing of the Improvements as it deems necessary and appropriate and hereby acknowledges that it accepts the Improvements for all purposes.

(3) Lessee is currently maintaining the insurance coverage required by Section 8.03 of the Agreement.

(4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.

Date: _____

City of Prineville, Oregon,
as Lessee

By: _____
Title: _____

Exhibit D

\$2,300,000
City of Prineville
State of Oregon
Capital Asset Interim Note
Series 1993

Form of Site Lease

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL
TO:

SITE LEASE

This Site Lease (the "Site Lease"), dated as of _____, 1993, by and between the City of Prineville, Oregon, a charter city existing under the laws of the State of Oregon (herein called the "City"), as site lessor, and United States National Bank of Oregon, (herein called "US Bank"), as site lessee;

WITNESSETH:

WHEREAS, the US Bank has assisted the City by providing interim financing of certain improvements on the land set forth in Exhibit A hereto (the "Property"), and further intends to lease the Property and its rights under this Site Lease, including rights in adjoining property to be used as a golf course (collectively the "Project") to the City pursuant to a Lease/Purchase Agreement, dated as of _____, 1993 (the "Agreement"), and the City proposes to enter into this Site Lease with the US Bank as a material consideration for the US Bank's agreement to provide financing for the cost and expense of the Property for and on behalf of the City:

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED AS FOLLOWS:

Section 1. Demised Premises.

The City hereby leases to the US Bank and US Bank hereby leases from the City, on the terms and conditions hereinafter set forth, the real property situated in the County of Crook, State of Oregon, and described in Exhibit "A" attached hereto and made a part hereof (the "Demised Premises").

Section 2. Term.

The term of this Site Lease shall commence on the date of recordation of this Site Lease in the office of the County Clerk of Crook County, State of Oregon, or _____, whichever is later, and shall end on _____ (25 years), unless such term is sooner terminated as hereinafter provided.

Section 3. Rental.

US Bank has paid consideration and rental hereunder the sum of \$1.00 and other good and sufficient consideration to the City. US Bank shall not be obligated to pay any additional rental hereunder.

Section 4. Purpose.

US Bank shall use the Demised Premises solely for the purpose of financing the Project and leasing the Demised Premises to the City pursuant to the Agreement; provided, that in the event of default by the City under the Agreement or failure of the City to enter into the Agreement, US Bank may exercise the remedies provided in the Agreement and may use the Project as a golf course and clubhouse.

Section 5. Owner in Fee.

The City covenants that it is the owner in fee of the Demised Premises.

Section 6. Assignment.

US Bank may assign its rights under this Site Lease without the written consent of the City.

Section 7. Right of Entry.

The City reserves the right for any of its duly authorized representatives to enter upon the Demised Premises at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination.

US Bank agrees, upon the termination of this Site Lease, to quit and surrender the Demised Premises in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and all improvements and personal property situated upon the Demised Premises at the time of termination of this Site Lease shall remain thereon, and title thereto shall vest in the City.

Upon exercise of the option to purchase set forth in the Agreement and upon payment of the option price, this Site Lease shall terminate.

Section 9. Default.

In the event US Bank shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to US Bank, City may exercise any and

all remedies granted by law, except that no merger of this Site Lease and of the Agreement shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Site Lease by reason of any default on the part of US Bank if such termination would affect or impair any assignment of all or any part of the Demised Premises then in effect between US Bank and any assignee of US Bank (other than the City under the Agreement). So long as any such assignee of US Bank shall duly perform the terms and conditions of this Site Lease (if any), such assignee shall be deemed to be entitled to all of the rights and privileges granted under any such assignment.

Section 10. Additional Provisions with Respect to the Project.

During the term of this Site Lease, Lessor shall be obligated to discharge the treated effluent from its Sewer System on the lands consisting of the Project. Such discharge shall be in accordance with the terms and conditions established by the Department of Environmental Quality for the Project. Throughout the term of this Site Lease, Lessor shall pay a fee for the right to such discharge (the "Discharge Fee"). The Discharge Fee shall be paid as an operation and maintenance cost of the Sewer System and shall be paid out of the Sewer Fund. The Discharge Fee shall be equal to (i) the cost of operation and maintenance of the Project as a golf course with club house and (ii) the cost of the Rental Payments under the Agreement (in the event that Lessor does not enter into the Agreement, then the payment will instead be equal to the payment the Rental Payment would have been had Lessor entered into the Agreement at the time of commencement of the Site Lease). This annual Discharge Fee shall be reduced by the amount of revenues received from the Project during such fiscal year.

During the term of this Site Lease, Lessee shall have the right to use all of the lands within the Project for purposes of a golf course. Lessor's use of the lands within the Project for discharge of the effluent shall not be inconsistent with or compromise such use.

Section 11. Environmental Covenants of Lessor

Lessor represents and warrants to Lessee and Standby Trustee, as defined in the Agreement, that Lessor's use of the Project has been and will be in full compliance with all federal, state and local statutes, ordinances, rules, regulations and other laws pertaining to Hazardous Substances (as hereinafter defined). Lessor has no notice or knowledge that Hazardous Substances have been generated, stored or disposed of on the Project or have been transported to or over the Project. Lessor agrees to hold harmless, indemnify and defend Lessee and Standby Trustee from and against any claim, demand, penalty, fee, lien, damage, loss, expense or liability resulting from (i) any breach of the representations or warranties made by it in this section, including attorney's fees and costs of, or in preparation for, any administrative or judicial proceeding or appeal review; (ii) the contamination by Hazardous Substances of the Project or any other properties directly or indirectly resulting from any activities on the Project, and (iii) the contamination by Hazardous Substance of the Project or any other properties directly or indirectly resulting from any activities that occurred on the Project prior to the leasing of the Project to Lessee under this Site Lease. As used herein, the term "Hazardous Substance" shall mean any hazardous, toxic or dangerous substance, waste or material that is or may become regulated under

any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean-up, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C §§ 9601 et. seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et. seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1257 et. seq.) or the Clean Air Act (42 U.S.C. §§ 2001 et. seq.), and amendments thereto.

Section 12. Quiet Enjoyment.

US Bank at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Demised Premises.

Section 13. Waiver of Personal Liability.

All liabilities under this Site Lease on the part of US Bank shall be solely corporate liabilities of US Bank as a corporation, and the City hereby releases each and every incorporator, member, director and officer of US Bank of and from any personal or individual liability under this Site Lease. No incorporator, member, director or officer of US Bank shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by US Bank hereunder.

Section 14. Taxes.

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Demised Premises (including both land and improvements).

Section 15. Eminent Domain.

In the event the whole or any part of the Demised Premises or the improvements thereon (including the Project) is taken by eminent domain proceedings, the interest of US Bank shall be recognized and is hereby determined to be the amount of the option price at that time as defined in the Agreement.

Section 16. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and if to the City, addressed to the City, in care of the City Administrator, 400 East Third Street, Prineville, Oregon 97754, addressed to the United States National Bank, Public Finance Department T-10, 111 Southwest Fifth Avenue, Portland, Oregon 97204, with a copy to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 19. Execution.

This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Site Lease. It is also agreed that separate counterparts of this Site Lease may separately be executed by the City and US Bank, all with the same force and effect as though the same counterpart had been executed by both the City and US Bank.

IN WITNESS WHEREOF, the City and US Bank have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF PRINEVILLE, OREGON

By: _____

Printed Name: _____

Title: Mayor

ATTEST:

By: _____

Title: Recorder

UNITED STATES NATIONAL BANK OF OREGON

By: _____

Printed Name: _____

Title: _____

THE STATE OF OREGON)

)

ss.

COUNTY OF CROOK)

On this ____ day of _____, 1993, personally appeared before me _____, who, being first duly sworn, did say that (s)he is the Mayor of the City of Prineville, a body corporate and politic existing under the laws of the State of Oregon, and acknowledged that the foregoing instrument was signed on behalf of said City and acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon
My Commission Expires: _____

THE STATE OF OREGON)

)

ss.

COUNTY OF MULTNOMAH)

On this ____ day of _____, 1993, personally appeared before me _____, who, being first duly sworn, did say that he is the _____ of United States National Bank of Oregon, a national banking association, and acknowledged that the foregoing instrument was signed on behalf of said Association and acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon
My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF DEMISED PREMISES

The Property consists of the following real property located in the County of Crook, State of Oregon, and any improvements thereon:

Refer to Appendix I

The Project includes the additional real property situated in Crook County, Oregon, with improvements thereon:

Exhibit E

\$2,300,000
City of Prineville
State of Oregon
Capital Asset Interim Note
Series 1993

Form of Escrow and Agency Agreement

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of February 1, 1993, and entered into among United States National Bank of Oregon ("US Bank"), City of Prineville, Oregon, a body corporate and politic existing under the laws of Oregon ("City") and United States National Bank of Oregon, a national banking association organized under the laws of the United States of America, as escrow agent (the "Escrow Agent").

WITNESSETH:

1. This Escrow Agreement relates to and is hereby made a part of the Capital Asset Interim Note (the "Note") financing pursuant to the Resolution of the City, dated January 26, 1993 (the "Resolution").

2. Except as otherwise defined herein, all terms defined in the Resolution shall have the same meaning for the purposes of this Escrow Agreement as in the Resolution.

3. US Bank, the City and Escrow Agent agree that Escrow Agent shall act as sole Escrow Agent under the Resolution and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. This Escrow Agreement shall be deemed to constitute the entire agreement regarding the Construction Fund among US Bank, the City and Escrow Agent.

4. There is hereby established in the custody of Escrow Agent a special trust fund designated as the "City of Prineville Construction Fund," to be held and administered by Escrow Agent in trust for the City in accordance with this Escrow Agreement, subject to US Bank's rights under Section 7 hereof.

5. There shall be deposited in the Construction Fund the sum of \$ _____. Escrow Agent shall maintain accounting records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Construction Fund, and such income and interest shall become part of the Construction Fund and may be expended as provided in Sections 6 and 7 hereof. Copies of account statements shall be made available to the City on a monthly basis. Such income or interest earnings may be expended at any time or from time to time to pay costs of the Improvements.

6. Following the Commencement Date, Escrow Agent shall make payments from the Construction Fund to pay costs of the Improvements (including but not limited to costs associated with the Note financing) upon receipt of requisitions from the City, signed by its Authorized Representative substantially in the form attached hereto as Exhibit A, which is incorporated by reference herein. Escrow Agent shall retain copies or records of each requisition and shall not destroy such records for a period of seven (7) years after receipt without the prior consent of the City, which consent will not unreasonably be withheld. In the event Escrow Agent is directed or requested by the City to hold or deposit any retained funds or to accept a retainage

bond (in lieu of funds) as provided thereunder or as may be required by law or the terms of the Construction Contract, Escrow Agent shall act in accordance with the City's instructions, and such retained funds (or performance bond) and any interest thereon shall be paid as provided in instructions to Escrow Agent from the City.

7. (a) Upon the completion of the Improvements and the payment of all costs related thereto, as evidenced by a certification of the City (in the form attached hereto as Exhibit B) delivered to Escrow Agent, (i) any retainage shall be disbursed as directed by the City, and (ii) any amounts remaining in the Construction Fund (including the earnings from investments thereof) shall be transferred to the City and be applied toward reimbursement of the City for funds advanced for the Project. To the extent that additional moneys in excess of those to reimburse the City exist in the Construction Fund, such amounts shall be paid to the City and applied by the City to payment of the Note at maturity or earlier redemption. Upon such payments from the Construction Fund, this Escrow Agreement shall terminate, provided that the indemnifications by the City shall survive the termination of this Escrow Agreement.

(b) Upon receipt of written notice of US Bank of a default or breach under the Note financing and a request from US Bank to disburse funds in the Construction Fund, Escrow Agent shall disburse such funds in the Construction Fund to US Bank for application to prepayment of the Note. Upon such payments from the Construction Fund, this Escrow Agreement shall terminate, provided that the indemnifications by the City shall survive the termination of this Escrow Agreement.

8. Moneys held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent upon order of a representative of the City in Qualified Investments. "Qualified Investments," to the extent permitted by law, means: (i) direct general obligations of the United States of America; (ii) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including the Escrow Agent or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation are fully secured by obligations described in (i), (ii), or (iii) above; (v) repurchase agreements with financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" which falls under the Securities Investors Protection Corporation jurisdiction, including the Escrow Agent or any affiliate thereof, that are secured by obligations of the type described in (i), (ii) or (iii) above; provided that such collateral is free and clear of claims of third parties, that the Escrow Agent or a third party acting solely as agent for the Escrow Agent has possession of such collateral and a perfected first security interest in such collateral; (vi) and any permitted investments of the City under the laws of Oregon.

9. This Escrow Agreement may not be amended except by a written instrument executed by US Bank, the City and Escrow Agent.

10. Escrow Agent may at any time resign by giving at least 30 days written notice to the City and US Bank, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of US Bank and the City. In addition, Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by US Bank and the City. In the event of any resignation or removal of Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by US Bank and the City. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to US Bank, the City and the predecessor Escrow Agent and thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to the successor Escrow Agent.

11. Escrow Agent incurs no liability to make any disbursements pursuant to the Escrow Agreement except from funds held in the Construction Fund. Escrow Agent makes no representations or warranties as to the title to any Property or as to the performance of any obligations of US Bank or the City.

12. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against, Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Construction Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof, and any payment, transfer or other application of moneys or securities by Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the City shall not be required to indemnify, protect, save or keep harmless Escrow Agent against Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of Escrow Agent's respective successors, assigns, agents and employees or the material breach by Escrow Agent of the terms of this Escrow Agreement. The indemnities contained in this Section shall survive the termination of this Agreement.

13. This Escrow Agreement shall be governed by an construed in accordance with the laws of the State of Oregon.

14. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

15. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original.

IN WITNESS WHEREOF, US Bank, the City and Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives, all as of the date first above written.

UNITED STATES NATIONAL BANK
OF OREGON
Public Finance Department

By _____

Title _____

CITY OF PRINEVILLE, OREGON

By _____

Title _____

Escrow Agent

By _____

Title _____

EXHIBIT A

FORM OF REQUISITION
COST OF IMPROVEMENTS

as Escrow Agent

Amount Requested: \$ _____

Total Disbursements to Date: \$ _____

Requisition No.: _____

1. The undersigned, an Authorized Representative of the City, hereby requests and authorizes, as Escrow Agent under the Escrow Agreement dated _____, 1993, among the City of Prineville, Oregon (the "City"), United States National Bank of Oregon, Public Finance Department ("US Bank") and United States National Bank of Oregon, as escrow agent (the "Escrow Agent"), to pay to or upon the order of the City the amount specified above for the payment or reimbursement of Costs of Improvements described in Schedule 1 attached.

2. The City hereby certifies that:

(a) each obligation mentioned in Schedule 1 has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursement;

(b) no part of the disbursement requested hereby will be used to pay for materials not yet incorporated into the Improvements or for services not yet performed in connection therewith;

(c) as of the date of this Requisition no default or breach under the Note or the resolution authorizing the Note has occurred and is continuing and no event which with notice or lapse of time, or both, has occurred and is continuing which would constitute such event of default or breach.

3. All capitalized terms herein shall have the meanings assigned to them in the Escrow Agreement

City of Prineville, Oregon

By _____
Authorized Representative

Dated: _____

SCHEDULE 1

DISBURSEMENT SCHEDULE

To Requisition No. _____ for the Construction Fund:

1. Amount: \$

Pay to:

Address to Payee:

For Account of:

Account No.:

Purpose:

EXHIBIT B

ACCEPTANCE CERTIFICATE

United States National Bank of Oregon
Public Finance Department T-10
Post Office Box 4412
Portland, Oregon 97208

United States National Bank of Oregon
as Escrow Agent

Re: Escrow Agreement, dated as of _____, 1993

Ladies and Gentlemen:

In accordance with the above-referenced Escrow Agreement (the "Agreement"), the undersigned (the "City") hereby certifies and represents to, and agrees with, United States National Bank of Oregon ("US Bank") as follows:

(1) The Improvements, as such term is defined in the Agreement, have been acquired, made, delivered, installed and accepted on the date indicated below.

(2) The City has conducted such inspection and/or testing of the Improvements as it deems necessary and appropriate and hereby acknowledges that it accepts the Improvements for all purposes.

(3) The City is currently maintaining casualty insurance coverage on the Improvements equal to the principal amount of the Notes.

(4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an event of default or breach under the Note financing exists at the date hereof.

Date: _____

City of Prineville, Oregon

By: _____

Title: _____

STATUTORY WARRANTY DEED

WALLACE A. GERVAIS and M. ELAINE GERVAIS, husband and wife, as Grantor, convey and warrant to CITY OF PRINEVILLE, a municipal corporation, Grantee, the following described real property in Crook County, Oregon, free of encumbrances except as specifically set forth herein:

See attached EXHIBIT A incorporated herein by reference.
(Tax Acct: 1516 6, 3Q1(part), Ref 8535)

Subject to:

- 1) As disclosed by the tax roll, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use, the property will be subject to additional taxes or penalties and interest.
- 2) Existing rights of way for roads, highways, irrigation ditches, canals and pole lines.
- 3) Any rights of the federal government, the state of Oregon and the general public in and to that part of Crooked River lying below the high water line.
- 4) An easement granted to Central Electric Cooperative, Inc., recorded in Book 63 of Deeds at page 402, Records of Crook County, Oregon.
- 5) Reservation of 1/2 of all mineral rights not previously reserved except sand, gravel and cinders, as set out in deed from Boston Ranch Company, a California corporation, to Brooks Resources Company, an Oregon corporation, dated July 28, 1981 and recorded January 12, 1982 as MF No. 63411, Records of Crook County, Oregon.
- 6) An unrecorded sewer easement granted to City of Prineville, Oregon, dated March 5, 1973 and recorded August 19, 1983, as MF No. 69744 in Records of Crook County, Oregon.
- 7) Conditions and Reservations contained in deed from Brooks Resources Corporation to Wallace A. Gervais, dated December 19, 1986 and recorded December 31, 1986, as MF No. E1782. Records of Crook County, Oregon.

The true and actual consideration for the conveyance is \$200,000.00.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING INTEREST IN THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

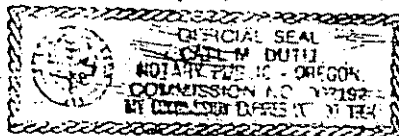
Dated this 23rd day of October, 1992.

Wallace A. Gervais
Wallace A. Gervais

M. Elaine Gervais
M. Elaine Gervais

STATE OF OREGON) ss.
County of Crook)

Personally appeared the above named Wallace A. Gervais and M. Elaine Gervais, and acknowledged the foregoing instrument to be their voluntary act and deed, before me this 23rd day of October, 1992.



Carl Wilbur
Notary Public for Oregon
My Commission Expires: 10-50-796

Send tax statements to:
City of Prineville
400 East 3rd St
Prineville, OR 97754

Seller's Address:
Wallace A. Gervais et ux
1395 Lynn Blvd.
Prineville, OR 97754

A parcel of land located in the Southwest 1/4 Northeast 1/4 and in the Northwest 1/4 Southeast 1/4 of Section 6, Township 15 South, Range 16 East of the Willamette Meridian, City of Prineville, Crook County, Oregon, more particularly described as follows: Beginning at the Southwest corner of Lot Seventeen (17) of Block One (1) of Riverside Addition Subdivision, Records of Crook County, Oregon; thence North along the West line of said Lot 17 a distance of 6.00 feet; thence North 87°57'06" West a distance of 498 feet, more or less to the thread of the Crooked River and a point on the Easterly line of that parcel of land conveyed to the City of Prineville, a municipal corporation, by deed recorded Deeds MF 99390, Records of Crook County, Oregon; thence Southerly, Southeasterly, Southwesterly, Southeasterly, Easterly, and Northeasterly along the thread of the Crooked River to a point on the West line of that parcel of land conveyed to the City of Prineville, a municipal corporation, by deed recorded Deeds MF 103060, Records of Crook County, Oregon; thence North along said West line to the Southwest corner of Lot 22 of Block 1 of said Riverside Addition; thence North along the West line of said Block 1 of Riverside Addition a distance of 521.02 feet to the point of beginning.

EXCEPTING THEREFROM that parcel of land conveyed to Central Electric Cooperative, Inc., by deed recorded in Book 64 of Deeds at Page 405, Records of Crook County, Oregon.

STATE OF OREGON }
COUNTY OF CROOK }
106207
I CERTIFY THAT THE WITHIN INSTRUMENT WAS
RECEIVED FOR RECORD ON THE 25 DAY OF
October 19 92 AT 4:10 P. M.
AND RECORDED IN DEED
RECORDS OF SAID COUNTY. MF NO 106207
DELLA M HARRISON CROOK COUNTY CLERK

By: Della M Harrison

STATUTORY WARRANTY DEED

AGNES I. GRIMES, as Grantor, conveys and warrants to CITY OF PRINEVILLE, a municipal corporation, Grantee, the following described real property in Crook County, Oregon, free of encumbrances except as specifically set forth herein:

All that portion of the following described tract of land lying Westerly of the West bank of Crooked River as the same traverses said tract: A parcel of land in the SL quarter of Section 6 in T15S, R16E, W.M., more particularly described as follows: Beginning at a point on the East line of said Section 6, said point being 387.7 feet South of the East quarter corner of said Section 6, thence West 775 feet, thence South 198.5 feet, thence East 775 feet, more or less, to a point on the East line of said Section 6, thence North 198.5 feet to the place of beginning.

(Tax Acct: 1516 6DA, TL 3200, Ref 12110)

Subject to and excepting:

- 1) The property herein described is within the boundaries of the Ochoco Irrigation District and Juniper Canyon Water Control District and may be subject to liens and assessments thereof.
- 2) Existing rights of way for roads, highways, irrigation ditches, canals and pole lines.

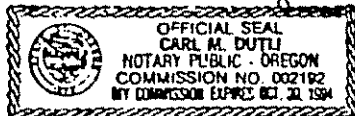
The true and actual consideration for the conveyance is \$0.0, but other good and valuable consideration, which is the whole consideration. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Dated this 4th day of May, 1992.

Agnes I. Grimes
Agnes I. Grimes

STATE OF OREGON)
County of Crook) ss.

Personally appeared the above named Agnes I. Grimes, and acknowledged the foregoing instrument to be her voluntary act and deed, before me this 4th day of May, 1992.



Carl M. Dutli
Notary Public for Oregon
My Commission Expires: 10-20-94

Send tax statements to:
City of Prineville
400 East 3rd St
Prineville, OR 97754

Seller's Address:
Agnes I. Grimes
611 S Main
Prineville, OR 97754

KEY PUNCHED

MAY 07 1992
STATE OF OREGON
COUNTY OF CROOK
I CERTIFY THAT THE WITHIN INSTRUMENT WAS RECEIVED FOR RECORD ON THE 7th DAY OF May 1992 AT 3:55 P.M.
AND RECORDED IN DEED
RECORDS OF SAID COUNTY, MP No. 103752
DELLA M. HARRISON, CROOK COUNTY CLERK
BY: Carl M. Dutli

Tax
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STATE
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Send to
Ann. Tri
6810 SW
Miami

STATUTORY WARRANTY DEED

FIRST ASSEMBLY OF GOD, CHURCH OF PRINEVILLE, an Oregon corporation, and ASSEMBLIES OF GOD OREGON DISTRICT, as Grantor, convey and warrant to CITY OF PRINEVILLE, a municipal corporation, Grantee, the following described real property in Crook County, Oregon, free of encumbrances except as specifically set forth herein:

All that portion of the following described tract of land lying Westerly of the West bank of Crooked river, as the same traverses said tract: BEGINNING at a point on the East line of Section 6 in T15S, R10E, W.M., said point being 1129.85 feet North of the Southeast corner of said Section 6, thence North along said East line a distance of 388.54 feet, more or less, to a point 30 feet due East of the Southeast corner of a tract of land deeded to Kenneth G.E. Stewart and wife by deed recorded in Book 63 of Deeds at page 333, Records of Crook County, Oregon, thence West 30 feet to the Southeast corner of said tract, thence South 80°50' West 228 feet to the Southwest corner of said tract, thence North 02°07' East 276 feet, thence West 303 feet, more or less, to a point on the East line of a tract of land deeded to Columbus J. Johnson by deed recorded in Book 5 of Deeds at page 270, Records of Crook County, Oregon, thence South along the East line of said tract to a point due West of the point of beginning, thence East 547.8 feet, more or less, to the point of beginning.

(Tax Acct: 1516 6DA, TL 3800, Ref 11703)

Subject to and excepting:

- 1) Existing rights of way for roads, highways, irrigation ditches, canals, and pole lines.
- 2) The property herein described is within the boundaries of the Ochoco Irrigation District and may be subject to liens and assessments thereof.

The true and actual consideration for the conveyance is \$5,000.00.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Dated this 29th day of March, 1992.

FIRST ASSEMBLY OF GOD,
CHURCH OF PRINEVILLE,
an Oregon corporation

By: M. Duane Jordan
M. Duane Jordan

By: Sandra Maggenet
Sandra Maggenet

ASSEMBLIES OF GOD
OREGON DISTRICT

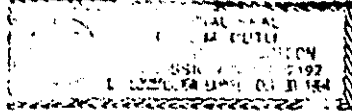
By: Bob L. Rose
Bob L. Rose

STATE OF OREGON)

County of Crook)

ss.
—Personally appeared M. Duane Jordan and Sandra Maggenet, who, each being first duly sworn, did say that they are the president and secretary of First Assembly of God, Church of Prineville, an Oregon corporation, and acknowledged the said instrument was signed in behalf of said corporation by authority

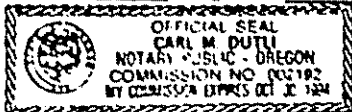
of its board of directors, before me this 29th day of March, 1992.



Carl M. Dutli
Notary Public for Oregon
My Commission Expires: 10-30-94

STATE OF OREGON)
County of Crook) ss.

Personally appeared the above-named Bob L. Rose, Secretary/
Treasurer of Assemblies of God Oregon District, and acknowledged
the foregoing instrument to be his voluntary act and deed, before
me this 29th day of March, 1992.



Carl M. Dutli
Notary Public for Oregon
My Commission Expires: 10-30-94

Send tax statements to:
City of Prineville
400 East Third St
Prineville, OR 97754

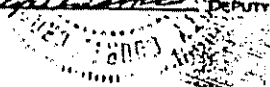
Seller's Address:
First Assembly of God,
Church of Prineville et al
P O Box 645
Prineville, OR 97754

KEY PUNCHED

APR 13 1992

STATE OF OREGON }
COUNTY OF CROOK } ss. 103410

I CERTIFY THAT THE WITHIN INSTRUMENT WAS
RECEIVED FOR RECORD ON THE 29th DAY OF
APRIL, 1992, AT 3:20 P.M.
AND RECORDED IN DEED
RECORDS OF SAID COUNTY, MAP NO. 103610
DELLA M. HARRISON, CLERK COUNTY CLERK
By: Carl M. Dutli DEPUTY



STATUTORY WARRANTY DEED

RONALD W. SPROAT dba QUEST FOUR, an Oregon company, as Grantor, convey and warrants to CITY OF PRINEVILLE, a municipal corporation. Grantee, the following described real property in Crook County, Oregon, free of encumbrances except as specifically set forth herein:

Beginning at the Southwest corner of Lot 22 in Block 1 of Riverside Addition to Prineville, Oregon, according to the official plat thereof filed August 18, 1950 in the office of the County Clerk for Crook County, Oregon, thence Easterly along the South line of said Riverside Addition to the Southeast corner of Lot 26 in Block 1 of said Riverside Addition, thence South 435 feet, more or less, to a point on the Northerly line of a tract of land deeded to Hudspeth Land & Livestock Company by deed recorded in Book 83 of Deeds at page 282, Records of Crook County, Oregon, thence West along the Northerly line of said tract 498 feet, more or less, to a point due South of the point of beginning, thence North 396 feet, more or less, to the point of beginning.

TOGETHER WITH an easement 15 feet in width along the West line of Lot 23 in Block 1 of said Riverside Addition, granted by Property Settlement and Decree filed July 27, 1970 in Case No. 8388 in the Circuit Court of the State of Oregon for Crook County.
(Tax Acct No. 15 16 6DA, TL 4000, Ref 11905)

Subject to and excepting:

- 1) Existing rights of way for roads, highways, irrigation ditches, canals, pole lines, and utility easements, and any assessments for irrigation purposes.
- 2) The right of the public and of governmental bodies in and to any portion of the herein described property lying below the high water mark of Crooked River, and in and to said water.

The true and actual consideration for the conveyance is \$20,000.00.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

Dated this 16 day of March, 1992.

Ronald W. Sproat
Ronald W. Sproat dba
Quest Four

STATE OF OREGON)
County of Crook) ss.

Personally appeared the above named Ronald W. Sproat and acknowledged the foregoing instrument to be his voluntary act and deed, before me this day of March, 1992.

Julie H. Nash
Notary Public for Oregon
Commission Expires: 11 16 96

Send tax statements to:
The City of Prineville
400 East 3rd St
Prineville, OR 97754

Seller's Address:
Ronald W. Sproat

KEY PUNCHED
MAR 16 1992

STATE OF OREGON)
COUNTY OF CROOK)
CERTIFICATE OF RECORDATION
March 11 1992
AND RECORDED IN DEEDS
RECORDED BY SAID COUNTY CLERK IN BOOK 10306
DELLA M. HARRISON COUNTY CLERK

Vertical text on the right margin, including a large stamp with the number 10306 and other illegible text.

WARRANTY DEED—STATUTORY FORM
CORPORATE GRANTOR

WILLIAM SMITH PROPERTIES, INC.

a corporation duly organized and existing under the laws of the State of OREGON Grantor,
conveys and warrants to CITY OF PRINEVILLE, a municipal corporation

Grantee, the following described real property free of encumbrances except as specifically set forth herein situated in CROOK County, Oregon, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO
AND MADE A PART HEREOF.

IF SPACE INSUFFICIENT CONTINUE DESCRIPTION ON REVERSE SIDE
The said property is free from all encumbrances except THOSE SHOWN ON EXHIBIT "A".

The true consideration for this conveyance is \$ 235,000.00. (Here comply with the requirements of ORS 93.030)

Done by order of the grantor's board of directors with its corporate seal affixed on April 29, 1991

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.

WILLIAM SMITH PROPERTIES, INC.
By *[Signature]* President
By _____ Secretary

STATE OF OREGON, County of Deschutes) ss.
Personally appeared William L. Smith and _____ April 29, 1991
who, each being first duly sworn, did say that the former is the president and that the latter is the secretary of WILLIAM SMITH PROPERTIES, INC.

_____ a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed in behalf of said corporation by authority of its board of directors and each of them and that the instrument is its voluntary act and deed.

(OFFICIAL SEAL)
LINDA A. BALDING
NOTARY PUBLIC-OREGON
COMMISSION NO. 000000
MY COMMISSION EXPIRES APR. 17, 1995

Before me: *[Signature]*
Notary Public for Oregon; My commission expires: 4/17/95

WARRANTY DEED
WILLIAM SMITH PROPERTIES, INC.
CITY OF PRINEVILLE GRANTOR
400 E. Third Street GRANTEE
Prineville, OR 97754
GRANTEE'S ADDRESS, ZIP
After recording return to:
CITY OF PRINEVILLE
400 E. Third Street
Prineville, OR 97754
NAME, ADDRESS, ZIP
Until a change is requested, all tax statements shall be sent to the following address:
CITY OF PRINEVILLE
400 E. Third Street
Prineville, OR 97754
NAME, ADDRESS, ZIP

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON,
County of _____) ss.
I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ or as document/microfilm/instrument/microfilm No. _____ Record of Deeds of said county.
Witness my hand and seal of _____ County affixed.
NAME TITLE
By _____ Deputy

ORIGINAL OREGON TITLE COMPANY OF CROOK COUNTY 44-2000-40113

EXHIBIT "A"

William Smith Properties, Inc.
to
City of Prineville

TRACT I:

IN TOWNSHIP 15 SOUTH, RANGE 16 EAST OF THE WILLAMETTE MERIDIAN:

Section 6: Beginning at a point 1237.5 feet East and 1151 feet, more or less, South of the Northwest corner of Section 6, which said point is on the South side of Second Street, Prineville, Oregon, extended, and at a point on the 1/16 line running North and South through the West half of said Section 6, thence East 280 feet, more or less, to a point which is the Northwest corner of Johnson's Subdivision, as platted in Crook County, Oregon; thence South 37 feet, thence South 35°35' East 250 feet, thence South 70°30' East 200 feet, thence East 786 feet, thence North 106 feet, thence East 160 feet, thence North 80 feet, thence East 536 feet, thence South 30 feet, thence East 80 feet to a point on the West line of a tract of land deeded to Harold Gray and wife by deed recorded in Book 55 of Deeds at page 189, Records of Crook County, Oregon, thence South 19 feet to the Southwest corner of said tract deeded to Harold Gray and wife, thence East 93 feet, thence North 163 feet to a point on the South line of West Second Street, thence East 81 feet, thence South 175 feet, thence East 230 feet, more or less, to a point on the West line of Riverside Addition produced to the North, according to the official plat thereof on file and of record in the office of the County Clerk for Crook County, Oregon, thence South along the said West line 2298.4 feet, more or less, to the Southwest corner of a tract of land deeded to H. H. Schmitt by deed recorded in Book 63 of Deeds at page 181, Records of Crook County, Oregon, thence East 774.62 feet to the Southeast corner of said tract, thence South 1798.5 feet, more or less, to the South line of said Section 6, thence West along the said South line of said Section 6 for 1240 feet, more or less, to the Southeast corner of Second Crestview Subdivision, according to the official plat thereof on file and of record in the office of the County Clerk for Crook County, Oregon, thence North 533 feet, thence North 62°02' West 340.5 feet, thence North 86°51' West 287.2 feet, thence North 81°08' West 269.7 feet, thence North 85°13' West 416.9 feet, thence North 86°03' West 419.3 feet to the Northwest corner of said subdivision, thence North 52°40' West 279 feet to a point on the East boundary line of Bowen's Subdivision, according to the official plat thereof on file and of record in the office of the County Clerk for Crook County, Oregon, thence North 1°35' West along the

said East line for 1600 feet, more or less, to the Northeast corner of said subdivision, thence West 247.5 feet, more or less, to a point on the 1/16 line running North and South through the West half of said Section 6, thence North 1524 feet, more or less, to the point of beginning.

EXCEPTING a certain right of way for road purposes over a strip of land 100 feet in width, said strip being 50 feet in width on either side of a center line described as follows: Beginning at a point on the North line of the Southwest quarter of Section 6, which point is 1465 feet East of the West quarter corner of said Section 6, and running thence North 38° West 360 feet, more or less, to a point on the East right-of-way line of the State Highway, as now located and constructed.

ALSO EXCEPTING all that portion of the tract of land above described in Section 6, Twp. 15 S., R. 16 E.W.M. lying Northeasterly of the thread of the Crooked River.

TRACT II:

IN TOWNSHIP 15 SOUTH, RANGE 16 EAST OF THE WILLAMETTE MERIDIAN:

Section 6: Beginning at the Southeast corner of Section 6, thence West 547.8 feet, more or less, to the Southeast corner of a tract deeded to C. J. Johnson, thence North 1798.5 feet, thence West 277.2 feet, more or less, to the East line of a tract of land deeded to J. E. Stewart, thence North to a point due West of the Southwest corner of Block 14 of Oregon and Western Addition to Prineville, Oregon, said point being 58.7 feet South, more or less, from the East and West center line of said Section 6, thence East 825 feet to the East line of said Section 6, thence South along said East line to the point of beginning.

EXCEPTING THEREFROM tracts of land heretofore conveyed as recorded in Book 60 of Deeds at page 547, Book 62 of Deeds at page 297, Book 63 of Deeds at pages 333 and 334, Book 65 of Deeds at page 447, Book 66 of Deeds at page 562, and Book 62 of Deeds at page 458 Records of Crook County, Oregon.

EXCEPTING FROM the lands herein described, the following:

1. The interest of Prineville Irrigation Company and successors acquired by Easement granted by Decree entered into in Case No. 438 in the Circuit Court of the State of Oregon for Crook County.
2. PARCEL TWO (2) of PARTITION PLAT NO. 90-13 recorded August 15, 1990 as Microfilm No. 96325, records of Crook County, Oregon.

SUBJECT TO:

1. As disclosed by the tax roll, the premises herein described have been zoned or classified for farm use. At any time that said land is disqualified for such use, the property will be subject to additional taxes or penalties and interest.

2. Existing rights of way for roads, highways, irrigation ditches, canals, reservoir sites, fences, pole lines, and transmission lines; and any assessments for irrigation purposes.

3. Any rights of the Federal Government, the State of Oregon, and the general public in and to that part of Crooked River lying below the high water line.

4. Easement granted to Pacific Telephone and Telegraph Company as recorded in Book 60 of Deeds at page 100, Records of Crook County, Oregon.

5. Easements granted to Central Electric Cooperative, Inc., as recorded in Book 63 of Deeds at pages 363 and 402, Records of Crook County, Oregon.

6. Easements granted to Pacific Power & Light Company, a corporation, as recorded in Book 64 of Deeds at page 202, Book 88 of Deeds at pages 131, 251 and 254, Records of Crook County, Oregon.

7. Subject to the interest of Peoples Irrigation Company acquired by deed from Peoples Irrigation Company as set out in Book 66 of Deeds at page 321, Records of Crook County, Oregon.

8. Reservation of one-half of all mineral rights not previously reserved, except sand, gravel and cinders, as set out in Deed from Boston Ranch Company, a California corporation, to Brooks Resources Corporation, an Oregon corporation, dated July 28, 1981 and recorded January 12, 1982 in Deeds No. 63411, Records of Crook County, Oregon.

STATE OF OREGON
COUNTY OF CROOK 99390
I CERTIFY THAT THE WITHIN INSTRUMENT WAS
RECEIVED FOR RECORD ON THE 10TH DAY OF
MAY 1991 AT 10:00 A.M.
AND RECORDED IN DEED
RECORDS OF SAID COUNTY. MAP NO. 99390
DELLA M. HARRISON, CROOK COUNTY CLERK
BY *Emily Harrison*