

FILE COPY

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF TILLAMOOK COUNTY, OREGON

ENDORSED
Filed
9-7-1983
JUNE WAGNER
County Clerk

In the Matter of an Ordinance)
Authorizing Execution of a)
Facilities Purchase Agreement)
and Related Documents, and)
Declaring an Emergency)

TILLAMOOK COUNTY
ORDINANCE NO. 22

The Board of County Commissioners for Tillamook
County, Oregon finds:

A. The County is required by law to provide jail
services, and is unable to provide constitutionally acceptable
services with its existing facilities. The County has determined
that it may provide jail services at the lowest possible cost by
making improvements to its existing real property.

B. The County has received bids for the construction
of the improvements. A. G. Edwards & Sons, Inc. proposes to
take an assignment of the awarded construction contracts, to
finance the construction of the improvements, and to sell the
improvements to the County. The terms under which A. G. Edwards
& Sons, Inc. proposes to do this are contained in a Certificate
of Purchase Agreement attached to this Ordinance as Exhibit A,
a Facilities Purchase Agreement attached to this Ordinance as
Exhibit B, and a Trust Agreement attached to this Ordinance as
Exhibit C.

C. The Trust Agreement provides for the issuance of
certificates of participation in the Facilities Purchase
Agreement, which A. G. Edwards & Sons, Inc. will sell to

investors in order to obtain the funds to finance the improvements. The certificates grant investors undivided interests in the payments to be made by the County under the Facilities Purchase Agreement. The County will make its payments under the Facilities Purchase Agreement to First Interstate Bank of Oregon, N.A., as Trustee, which will distribute the payments among the owners of the certificates.

THE BOARD OF COUNTY COMMISSIONERS FOR TILLAMOOK COUNTY, OREGON ORDAINS AS FOLLOWS:

Section 1. The Facilities Purchase Agreement, in substantially the form attached hereto as Exhibit B, is approved, and the County Treasurer of Tillamook County is authorized to execute the Facilities Purchase Agreement on behalf of the County.

Section 2. The Trust Agreement between the County, A. G. Edwards & Sons, Inc. and First Interstate Bank of Oregon, N.A., as Trustee, in substantially the form attached hereto as Exhibit C, is hereby approved, and the County Treasurer of Tillamook County is authorized to execute the Trust Agreement on behalf of Tillamook County.

Section 3. The Certificate Purchase Agreement between the County and A. G. Edwards & Sons, Inc., in substantially the form attached hereto as Exhibit A, is hereby approved. The Certificates of Participation shall be issued by the Trustee in accordance with the Trust Agreement, and sold to A. G. Edwards

& Sons, Inc. pursuant to the Certificate Purchase Agreement for a price of not less than \$800,000, and at a net effective interest rate of not more than 8.75% per annum. The County Treasurer of Tillamook County is authorized to establish the price for sale of the Certificates and the interest rate the Certificates will bear, within the limits stated in this Ordinance. The County Treasurer of Tillamook County is authorized to execute the Certificate Purchase Agreement, in substantially the form attached hereto, on behalf of Tillamook County.

Section 4. The Board of County Commissioners and its staff have reviewed a preliminary official statement relating to the Certificates of Participation, which is attached hereto as Exhibit D. The Board of County Commissioners authorizes the circulation of the preliminary official statement by A. G. Edwards & Sons, Inc., in substantially the form attached hereto.

Section 5. The County represents to A. G. Edwards & Sons, Inc., and to the future holders of the Certificates of Participation that all representations of the County contained in the Facilities Purchase Agreement, the Trust Agreement, the Certificate Purchase Agreement and the preliminary official statement are true and correct as of the date of this Ordinance.

Section 6. The County Treasurer of Tillamook County is authorized to execute any additional documents which may be

required to enter into the Facilities Purchase Agreement and sell the Certificates of Participation in the Facilities Purchase Agreement.

Section 7. In the event that the County Treasurer of Tillamook County is unable to execute any document as authorized by this ordinance for any reason, the Chairman of the Board of Commissioners is authorized to execute any document named in this ordinance.

Section 8. In order that the construction of the jail improvements may proceed as scheduled and the Certificates of Participation may be issued and sold in time to make payments under the contract for construction and installation of the jail improvements, an emergency is hereby declared to exist, and this Ordinance shall take effect immediately.

ADOPTED this 7th day of September, 1983.

APPROVED AS TO FORM

BOARD OF COUNTY COMMISSIONERS FOR
TILLAMOOK COUNTY, OREGON

Lynn Rosik
Lynn Rosik, County Counsel

Carol Williams
Carol Williams, Chairman

RECORDING SECRETARY

Gerald A. Woodward
Gerald A. Woodward, Commissioner

Barbara Lopez

F. E. Knight, Commissioner

\$800,000
Certificates of Participation
Evidencing Interests of the Owners
in a Jail Facilities Purchase Agreement
with Tillamook County, Oregon

CERTIFICATE PURCHASE AGREEMENT

(date)

Tillamook County, Oregon
County Courthouse
Tillamook, Oregon 97141

First Interstate Bank of Oregon, N.A.
Trust Financial Services
Post Office Box 2971
Portland, Oregon 97205

Gentlemen:

On the basis of the representations, warranties and covenants contained in this Certificate Purchase Agreement and upon the terms and conditions contained in this Certificate Purchase Agreement, the undersigned, A. G. Edwards & Sons, Inc., as underwriter (the "Underwriter"), hereby offers to purchase \$800,000 aggregate principal amount of Certificates of Participation (the "Certificates") evidencing interests of the holders thereof in a Facilities Purchase Agreement dated as of September 15, 1983 (the "Agreement") between Tillamook County, a municipal corporation of the State of Oregon (the "County"), as Purchaser, and A. G. Edwards & Sons, Inc., a corporation (the "Seller"), as Seller.

The Seller's rights under the Agreement, including the right to receive Payments as therein defined, will be assigned to the corporate trust department of First Interstate Bank of Oregon, N.A., a national banking association, as Trustee for the holders of the Certificates (the "Trustee"), pursuant to a Trust Agreement dated as of September 15, 1983 (the "Trust Agreement") between the County, the Seller and the Trustee. The Certificates will be issued pursuant to and in accordance with the Agreement and the Trust Agreement.

The proceeds from the sale of the Certificates to the Underwriter under the conditions set forth herein shall be deposited with the Trustee in accordance with the Trust Agreement.

SECTION 1.

REPRESENTATIONS, WARRANTIES, COVENANTS
AND AGREEMENTS OF THE COUNTY

By its acceptance hereof, the County hereby represents, warrants to, and covenants and agrees with the Underwriter that:

(a) The County is a municipal corporation of the State of Oregon. The County is authorized to obligate itself to make the payments required by and in accordance with the Agreement.

(b) The County has complied with all provisions of the Constitution and laws of the State of Oregon and has full power and authority to consummate all transactions contemplated by this Certificate Purchase Agreement, the Agreement, the Certificates, the Trust Agreement and any and all other agreements relating thereto.

(c) The information contained in the Official Statement dated _____, 1983, including any appendices and tables thereto, and in any amendment or supplement that may be authorized for use by the County with respect to the Certificates (hereinafter collectively referred to as the "Official Statement"), is and will be true and do and will not contain any untrue statement of a material fact, and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(d) The County has duly authorized all necessary action to be taken by the County for: (1) the preparation, sale and delivery of the Certificates upon the terms set forth herein and in the Official Statement; (2) the execution and delivery of the Trust Agreement by the County providing for the terms and conditions and appointing the Trustee as trustee for the benefit of the holders of the Certificates under the Trust Agreement; (3) the approval of the Official Statement; (4) the acquisition of the Facilities; (5) the execution, delivery, receipt and due performance of this Certificate Purchase Agreement, the Trust Agreement, the Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the County in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Official Statement. Evidence

of the approval of the County of the aforementioned documents and the transactions contemplated thereby, in form and substance satisfactory to the Underwriter, will be delivered to the Underwriter at closing.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending (or to the County's knowledge any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Certificates, the Trust Agreement, the Agreement, this Certificate Purchase Agreement or any agreement or instrument to which the County is a party and which is used or contemplated for use in the consummation of transactions contemplated hereby or by the Official Statement.

(f) The execution and delivery of the Official Statement, this Certificate Purchase Agreement, the Trust Agreement, the Agreement and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the County's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the County is subject or by which the County is or may be bound.

(g) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Any certificate signed by any of the County's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter as to the statements made therein.

(i) The financial statements of the County referred to or contained in the Official Statement present fairly the financial position of the County as of the dates indicated therein and the results of operations for the periods specified therein, and the financial statements therein have been prepared in conformity with generally accepted accounting principles consistently applied, except as may be noted in the Official Statement, in all material respects with respect to the periods involved.

(j) The County will not take or omit to take any action which will in any way result in the proceeds from the sale of the Certificates being applied in a manner inconsistent with the provisions of the Trust Agreement and the Agreement.

SECTION 2.

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COUNTY

By its acceptance hereof, the County hereby represents, warrants to, and covenants and agrees with the Underwriter that:

(a) The County shall take all actions and execute all agreements and documents reasonably necessary in order to consummate the transactions contemplated by the Agreement, the Trust Agreement, the Certificates, the Official Statement and this Certificate Purchase Agreement.

(b) The County agrees to indemnify and hold harmless the Underwriter, any member, officer, official or employee of the Underwriter, and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended (collectively, the "Indemnified Parties"), as follows:

(1) The County agrees to indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue statement or misleading statement or allegedly misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, provided, that any obligation of the County to indemnify hereunder shall be limited to the terms and conditions of the County's general liability insurance and to the Oregon State Tort Claims Act; and

(c) In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement and in respect of which indemnity may be sought against the County and/or the Seller, as the case may be, the Indemnified Parties shall promptly notify the applicable party or parties in writing, and the applicable party or parties shall promptly assume the defense thereof,

including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless employment of such counsel has been specifically authorized by the County. The County shall not be liable for any settlement of any such action effected without its consent.

(d) The County acknowledges and approves the terms and conditions of this Certificate Purchase Agreement as they relate to the County, and its participation in the transactions contemplated hereby.

(e) The representations, warranties, covenants and indemnities contained in this Section 2 shall survive the closing under this Certificate Purchase Agreement, the sale to the Underwriter and resale by the Underwriter of the Certificates, and any investigation by the Underwriter of any matters described in or related to the transactions covered by this Certificate Purchase Agreement, the Trust Agreement, and the Agreement.

By its acceptance hereof, the Trustee hereby represents, warrants to and covenants and agrees with the Underwriter that the Trustee shall take all actions and execute all agreements and documents reasonably necessary in order to consummate the transactions contemplated by the Agreement, the Trust Agreement, the Certificates, the Official Statement and this Certificate Purchase Agreement.

SECTION 3.

PURCHASE, SALE AND DELIVERY OF THE CERTIFICATES.

On the basis of the representations, warranties and covenants of the County and the Trustee contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, at the closing (hereinafter defined) the Underwriter agrees to purchase the Certificates from the County, and the Certificates shall be sold to the Underwriter at _____% of the principal amount thereof, plus accrued interest from the date of the Certificates to the date of payment and delivery.

The Certificates shall be prepared and contain the terms and conditions as provided in the Trust Agreement, be executed by the Trustee and shall have the maturities and interest rates and be subject to redemption as set forth in the Trust Agreement and the Official Statement.

Payment for the Certificates shall be made by federal wire transfer or certified or official bank check or draft in immediately available federal funds payable to the order of the Trustee for the account of the County, at the offices of the Underwriter, at 10:00 a.m., Portland, Oregon Time, on September 27, 1983, or such other place, time or date as shall be mutually agreed upon by the County, the Seller and the Underwriter. The date of such delivery and payment is herein called the "closing". The delivery of the Certificates shall be made in definitive form in such denominations as the Underwriter shall specify in writing a reasonable time prior to the closing. The Certificates shall be available for examination and packaging by the Underwriter at least twenty-four (24) hours prior to the closing.

SECTION 4.

CONDITIONS TO THE UNDERWRITER'S OBLIGATIONS.

The Underwriter's obligations hereunder shall be subject to the due performance by the County and the Trustee of their obligations and agreements to be performed hereunder at or prior to the closing and to the accuracy of and compliance with the representations and warranties of the date hereof and as of the closing, and are also subject to the following conditions:

- (a) The Certificates, the Trust Agreement, the Agreement and the Assignment and all other agreements contemplated hereby and by the Official Statement shall have

been duly authorized, executed and delivered in the form heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by you and the Underwriter.

(b) At the closing, the Underwriter shall receive:

(1) The opinions dated the closing date of (i) General Counsel to the County, (ii) the opinion of Wood, Tatum, Mosser, Brooke and Holden, Counsel to the Underwriter, (iii) the opinion of counsel to the Trustee, and (iv) the opinion of Ragen, Roberts, O'Scannlain, Robertson & Neill, all in form and substance reasonably satisfactory to the Underwriter.

(2) A certificate, satisfactory to the Underwriter, of an authorized officer of the County, attested by an authorized officer of the County, such officers to be satisfactory to the Underwriter, dated as of the closing date, to the effect that: (i) the County has duly performed all of its obligations to be performed at or prior to the closing and that each of its representations and warranties contained herein is true as of the closing; (ii) the County has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Trust Agreement, the Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the County to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; (iii) no litigation is pending, or, to his knowledge, threatened, to restrain or enjoin the issuance or sale of the Certificates, or in any way affecting any authority for or the validity of the Certificates, the Trust Agreement, the Agreement, the Assignment or the contracts for construction of the Facilities, or the County's existence or powers of the County's right to use the proceeds of the Certificates to finance the Facilities; and (iv) the execution, delivery, receipt and due performance of the Trust Agreement, the Agreement and other agreements contemplated hereby and by the Official Statement under the circumstances contemplated hereby and thereby and the County's compliance with the provisions thereof will not conflict with or constitute on the County's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, lease or

other instrument to which the County is subject or by which it is or may be bound;

(3) A certificate, satisfactory to the Underwriter, of an authorized officer or officers of the Trustee, dated as of the closing date, to the effect that: (i) the Trustee has authorized, by all necessary action, the execution, delivery and due performance by it of the Trust Agreement and the execution, delivery and due performance of it by the Certificates and all such other agreements and documents as may be required to be executed, delivered and received in order to carry out, give effect to and consummate the transactions contemplated by this Certificate Purchase Agreement, the Certificates, the Trust Agreement, the Assignment and the Official Statement; and (ii) there is no action, suit or proceeding, or, to the best of their knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending, or to their knowledge, threatened against the Trustee or its property or, to the best of their knowledge, any basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Certificate Purchase Agreement, the Certificates, the Trust Agreement, the Assignment, the Agreement and the Official Statement or the validity or enforceability of this Certificate Purchase Agreement, the Certificates, the Trust Agreement, the Assignment or the Agreement;

(4) A letter, satisfactory in form and substance to the Underwriter, from the County, dated the Closing Date, to the effect that the County is confirming the information set forth herein relating to the County and stating that nothing has come to the County's attention during the period from the date hereof to a date not more than five (5) Business Days prior to the Closing, which would require any change in such letter if it were to be dated the closing date; and

(5) Such additional certificates and other documents as the Underwriter may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

(c) The Seller's rights under the Agreement, including but not limited to the right to receive lease payments thereunder, shall have been validly assigned to the Trustee pursuant to the Assignment.

SECTION 5.

THE UNDERWRITER'S RIGHT TO CANCEL.

The Underwriter shall have the right to cancel its obligation hereunder to purchase the Certificates (such cancellation shall not constitute a default for purposes of Section 8 hereof) by notifying the County and the Trustee in writing or by telegram of its election so to do between the date hereof and the closing, if at any time hereafter and prior to the closing:

(a) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or be enacted by the Congress of the United States of America, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States of America, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States of America or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon revenues or other income of the general character to be derived by you or by any similar body or upon interest received on obligations of the general character of the Certificates, or the Certificates, which, in the Underwriter's opinion, materially adversely affects the market price of the Certificates;

(b) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Underwriter's opinion, materially adversely affects the market price of the Certificates;

(c) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture of 1939, as amended and as then in effect;

(d) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Certificates, or the Certificates, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect;

(e) Any event shall have occurred, or information become known, which, in the Underwriter's opinion, makes untrue in any material respect any statement or information contained in the Official Statement or the appendices or tables thereto, or has the effect that the Official Statement or the appendices or tables thereto as originally circulated contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) Any national securities exchange, or any governmental authority, shall impose, as to the Certificates or obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension

of credit by, or the charge to the net capital requirements of, the Underwriter;

(h) A general banking moratorium shall have been established by federal, New York or the State's authorities;

(i) Any rating of the Certificates or the rating of any class of security of the County or the State shall have been downgraded or withdrawn by a national rating service, which, in the Underwriter's opinion, materially adversely affects the market price of the Certificates; or trading in any securities of the County or the State shall have been suspended on any national securities exchange or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the County or the State; or

(j) A war involving the United States of America shall have been declared, or any other national calamity shall have occurred or any conflict involving the armed forces of any country shall have escalated to such a magnitude, or any national emergency relating to such a magnitude, or any national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the underwriter's opinion, materially adversely affects the market price of the Certificates.

SECTION 6.

CONDITIONS OF YOUR OBLIGATIONS.

The obligations of the County and the Trustee are subject to the Underwriter's performance of its obligations hereunder.

SECTION 7.

REPRESENTATIONS, WARRANTIES AND AGREEMENT TO SURVIVE DELIVERY.

All of the County's representations, warranties and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter on its behalf, and shall survive delivery of the Certificates to the Underwriter.

SECTION 8.

PAYMENT OF EXPENSES.

Whether or not the Certificates are sold to the Underwriter (unless such sale be prevented at the closing by the Underwriter's default), the Underwriter shall be under no obligation to pay any expenses incident to the performance of your obligations hereunder. All expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the Certificates, the fees and disbursements of Wood, Tatum, Mosser, Brooke and Holden in connection with the qualification of the Certificates for sale under the securities or "Blue Sky" laws, the expenses and costs for the preparation, printing, photocopying, mailing, execution and delivery of the Certificates, the Official Statement, the Trust Agreement, the Agreement, this Certificate Purchase Agreement and all other agreements and documents contemplated hereby shall be paid out of the proceeds of the Certificates.

SECTION 9.

USE OF OFFICIAL STATEMENT.

The County hereby ratifies and confirms the Underwriter's authority to use the Preliminary Official Statement; and the County authorizes the use of, and will make available, the Official Statement for the use by the Underwriter in connection with the sale of the Certificates.

SECTION 10.

NOTICE.

Any notice or other communication to be given under this Certificate Purchase Agreement to the County may be given by mailing or delivering the same in writing to Tillamook County Treasurer, County Courthouse, Tillamook, Oregon 97141; any notice or other communication to be given under this Certificate Purchase Agreement to the Trustee may be given by mailing or delivering the same in writing to First Interstate Bank of Oregon, N.A., Corporate Trust Department, 1300 SW Fifth Avenue, Portland, Oregon 97201; and any notice or other communication to be given to the Underwriter under this Certificate Purchase Agreement may be given by mailing or delivering the same in writing to A. G. Edwards & Sons, Inc., 4412 SW Barbur Boulevard, Portland, Oregon 97201, Attention: Kevin M. Peterson.

SECTION 11.

APPLICABLE LAW; NONASSIGNABILITY.

This Purchase Agreement shall be governed by the laws of the State of Oregon. This Certificate Purchase Agreement shall not be assigned by the County or the Trustee.

SECTION 12.

AMENDMENTS; EXECUTION OF COUNTERPARTS.

This Certificate Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

A. G. EDWARDS & SONS, INC.

By _____

Accepted as of the date
first above written:

TILLAMOOK COUNTY

By _____

FIRST INTERSTATE BANK OF OREGON, N.A., as Trustee

By _____
Trust Officer

FACILITIES PURCHASE AGREEMENT

Seller: A.G. EDWARDS AND SONS, INC.
Address: 4412 S.W. Barbur Boulevard, Portland, Oregon
Purchaser: TILLAMOOK COUNTY, OREGON
Address: 201 Laurel Avenue, Tillamook, Oregon 97141

RECITALS:

A. Purchaser is authorized and required by law to provide jail services. Purchaser has determined that it may provide these services at the lowest available cost by improving its real property and acquiring certain equipment pursuant to this Agreement.

B. Purchaser is authorized to enter into this Agreement pursuant to ORS 271.390, which authorizes counties to enter into contracts for purchase of real property necessary for conducting its business, and pursuant to Ordinance No. 22 of the Purchaser, which authorizes the purchase of real and personal property under this Agreement.

C. Seller is willing to provide funds for the required improvements, to take title to the improvements, and to sell them to the Purchaser under the terms of this Agreement.

AGREEMENT:

The parties agree as follows:

1. Certain Defined Terms. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings given below unless the context clearly requires otherwise:

"Agreement" means this Facilities Purchase Agreement.

"Authorized Officer," when used with respect to Purchaser, means the County Treasurer or the Chairperson of the County Commission or any other officer of Purchaser who is designated in writing by the Purchaser as an Authorized Officer for purposes of this Agreement. The term "Authorized Officer," when used with respect to the Seller, means any officer of the Seller who is designated in writing by the Seller as an Authorized Officer for purposes of this Agreement.

"Contractors" means the persons or entities obliged to construct, supply or install the Facilities, or otherwise provide services in connection with the Facilities, pursuant to the Contracts.

"Contracts" means the contracts to design, supply, construct, install or otherwise provide services in connection with the Facilities which are described in Exhibit C.

"Facilities" means the fixtures and improvements to real property, and the equipment which are described in Exhibit A.

"Facilities Costs" means all costs of payment of, or reimbursement for, acquisition, installation, construction and financing of the Facilities, including but not limited to, architect, engineering and installation management costs, administrative costs and capital expenditures relating to installation and financing payments, any sales tax on the Facilities, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee pursuant to the Trust Agreement, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings if any, fees for execution, transportation and safekeeping of certificates of participation and charges and fees in connection with the foregoing.

"Purchase Price" means the principal amount set forth in Exhibit B hereto.

"Trust Agreement" means the Trust Agreement among Seller, Purchaser and First Interstate Bank of Oregon, N.A., as Trustee which is dated as of September 15, 1983 and provides for the distribution of moneys in connection with the purchase of the Facilities.

2. Assignment of Contracts. Purchaser hereby assigns to Seller all of its rights under the Contracts.

3. Sale of Facilities. Seller hereby agrees to sell to Purchaser, and Purchaser hereby agrees to purchase from Seller, the Facilities in accordance with the provisions of this Agreement. The Facilities shall be located on the real property described in Exhibit A-1. Upon payment in full of all sums due under this Agreement Seller shall convey all its interest in the Facilities to the Purchaser.

4. Purchaser to Act as Agent. Seller hereby irrevocably appoints Purchaser as its agent in connection with

the acquisition and installation of the Facilities in accordance with the Contracts. Purchaser, as agent of Seller, shall cause such acquisition and installation to be completed as soon as reasonably practicable and in accordance with this Agreement, the Contracts, and the Trust Agreement, and any applicable requirements of governmental authorities.

5. Acceptance. Upon completion of the construction and installation of the Facilities, Purchaser will evidence its acceptance of the Facilities by executing and delivering to Seller an Acceptance Certificate (herein so called) in the form provided by Seller.

6. Term. This Agreement will become effective upon the execution hereof by Seller. The term of this Agreement will commence September 15, 1983, and, unless earlier terminated as expressly provided for in this Agreement, will continue until all sums due the Seller hereunder are paid.

7. Payment. Purchaser agrees to pay to Seller or its assignee the principal and interest payments (the "Payments") specified in Exhibit B. The Payments will be payable without notice or demand at the office of the Trustee (or such other place as Seller or its assignee may from time to time designate in writing), on the dates set forth in Exhibit B. Any payments received later than ten (10) days from the due date will bear interest the rate of fifteen percent per annum or at the highest lawful rate, whichever is less, from the due date. Except as specifically provided in Section 8 hereof, the Payments will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim, or recoupment for any reason whatsoever.

Purchaser reasonably believes that funds can be obtained sufficient to make all Payments due hereunder and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the Payments may be made. It is Purchaser's intent to make all Payments if funds are legally available therefor and in that regard Purchaser represents that the use of the Facilities is essential to its proper, efficient and economic operation.

Purchaser shall not have the privilege of prepaying any amounts due under this Section 7. Purchaser shall prepay the then unpaid principal balance shown in Exhibit B if the Facilities are damaged or destroyed to the extent that they can no longer be used to provide jail services, and shall apply the proceeds of insurance carried under Section 18 hereof to such prepayment.

8. Nonappropriation of Funds. In the event no funds or insufficient funds to fully fund all of Purchaser's legal

obligations in a fiscal period are appropriated to Purchaser or are otherwise unavailable for any reason whatsoever in any fiscal period for Payments due under this Agreement, then the Purchaser will immediately notify the Seller or its assignee of such occurrence and this Agreement shall terminate on the last day of the fiscal period for which funds were available without penalty or expense to Purchaser of any kind whatsoever. In the event of such termination, Seller shall be entitled to remove any or all of the Facilities, provided such removal does not destroy the structural integrity of the building in which the Facilities are located. Seller will have all legal and equitable rights to possession of the Facilities after their removal.

Notwithstanding the foregoing, Purchaser agrees to apply the proceeds of any insurance carried under Section 18 hereof to prepay Payments as required in Section 7, above. In addition, Purchaser agrees (i) that County staff will present to the County Commissioners a request that the Commissioners budget for and approve the expenditure of an amount sufficient to allow Purchaser to make all Payments due in that fiscal period; (ii) that, to the extent funds are legally available therefore, it will make all Payments; and (iii) that it will not cancel this Agreement under the provisions of this Section if sufficient funds are appropriated and budgeted to it, or by it, for the acquisition, retention or operation of the Facilities. Purchaser represents that it has examined alternatives for providing required jail services, and that acquiring the Facilities by entering into this Agreement is the least costly alternative available to Purchaser to provide such services. Purchaser further represents that it has no intention of providing jail services by means other than the Facilities.

9. Limitation on Warranties. Purchaser acknowledges and agrees that the Facilities are of a size, design, and capacity selected by Purchaser, that Seller is neither a manufacturer nor a vendor of such equipment, and that SELLER HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE FACILITIES IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF PURCHASER, OR ANY OTHER REPRESENTATION, WARRANTY, OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND SELLER SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL, OR OTHER DAMAGES OF OR TO PURCHASER OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE FACILITIES AND THE MAINTENANCE THEREOF.

Seller hereby assigns to Purchaser during the term of this Agreement, so long as no Event of Default has occurred

hereunder and is continuing, all contractor's warranties, if any, expressed or implied with respect to the Facilities, and Seller authorizes Purchaser to obtain the customary services and maintenance furnished in connection with such warranties at Purchaser's expense.

10. Authority and Covenants. Purchaser represents, covenants and warrants, and will deliver an opinion of counsel to the effect that: (i) Purchaser is a County of the State of Oregon; (ii) the execution, delivery and performance by the Purchaser of this Agreement have been duly authorized by all necessary action on the part of the Purchaser; (iii) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms; (iv) Purchaser has complied with all applicable public contracting laws and has the power and authority to assign the contracts to the Seller; and (v) Purchaser has properly budgeted for the payments due under this Agreement during the current fiscal year period. Purchaser further covenants that it will do or cause to be done all things necessary to preserve and keep the Agreement in full force and effect (except that this covenant shall not require Purchaser to make any payment which Purchaser is not required to make under Section 8 hereof).

11. Title. Seller or its assignee will retain title to the Facilities during the term of this Agreement. Title to the Facilities will pass to Purchaser only upon the complete payment and performance by Purchaser of all of Purchaser's obligations under this Agreement. In such case, Seller agrees to execute such instruments and do such things as Purchaser reasonably requests in order to effectuate transfer of title to Purchaser.

12. Security Interest. Though title to the Facilities will be retained by Seller or its assigns during the term of this Agreement, in order to secure all of its obligations hereunder, Purchaser hereby (i) grants to Seller a first and prior security interest in any and all right, title and interest of Purchaser in the Facilities and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Agreement may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such interest.

13. Use; Repairs. Purchaser will use the Facilities in a careful manner for the purposes for which the Facilities are intended and shall comply with all laws, ordinances, insurance policies and regulations relating to, and will pay all costs, claims, damages, fees and charges arising out of its possession,

use or maintenance. Purchaser, at its expense, will keep the Facilities in good repair and furnish all parts, mechanisms and devices required therefor. If the Facilities is covered by a maintenance agreement, Purchaser will furnish Trustee with a maintenance agreement with a party satisfactory to Seller.

14. Alterations. Purchaser will not make substantial alterations, additions or improvements to the Facilities without Seller's prior written consent unless such alterations, additions or improvements may be readily removed without damage to the Facilities.

15. Location; Inspection. The Facilities will not be removed from the building in which they are to be installed without Seller's prior written consent, which will not be unreasonably withheld. Seller will be entitled to enter upon the Purchaser's property during reasonable business hours to install, inspect, repair or remove the Facilities or observe its use and operation.

16. Liens and Taxes. Purchaser shall keep the Facilities free and clear of all levies, liens and encumbrances except those created under this Agreement. Purchaser shall pay, when due, all charges and taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Facilities, excluding however, all taxes on or measured by Seller's income. If Purchaser fails to pay said charges, and taxes when due, Seller shall have the right, but shall not be obligated, to pay said charges and taxes. If Seller pays any charges or taxes for which Purchaser is responsible or liable under this Agreement, Purchaser shall reimburse Seller therefor.

17. Risk of Loss; Damage; Destruction; Condemnation. Purchaser assumes all risk of loss of or damage to the Facilities from any cause whatsoever, and no such loss of or damage to the Facilities nor defect therein nor unfitness or obsolescence thereof shall relieve Purchaser of the obligation to make Payments or to perform any other obligation under this Agreement. In the event of damage to the Facilities, Purchaser will immediately place the same in good repair, and, when received, shall apply the proceeds of any insurance recovery to the costs incurred in making such repairs. If Seller determines that any item of the Facilities is lost, stolen, destroyed or damaged beyond repair, or if any substantial portion of the Facilities is taken by condemnation, Purchaser will: either (a) replace the same with like equipment in good repair; or (b) on the next Payment date, pay Seller subject to the limitation stated in Section 8 hereof: (i) all amounts then owed by Purchaser to Seller under this Agreement, including the Agreement Payment due on such date; and (ii) an amount equal to the applicable

Concluding Payment set forth in Exhibit B. Any compensation paid to Purchaser as a result of condemnation of all or any part of the Facilities shall be applied by it as set forth in (a) or (b) of the preceding sentence. Any compensation paid to Seller as a result of condemnation of all or any part of the Facilities shall be paid to Purchaser at such time as Purchaser has fully performed pursuant to either (a) or (b) above.

18. Insurance. County covenants that it will carry insurance on the Facilities during the term of this Agreement in an amount at least equal to the unpaid principal amount of the Payments as indicated in the attached Exhibit B.

19. Indemnification. Purchaser shall indemnify Seller against, and hold Seller harmless from, any and all claims, actions, proceedings, expenses, damages or liabilities, including attorney's fees and court costs, arising in connection with the Facilities, including, but not limited to, its selection, purchase, delivery, possession, use, operation, rejection or return and the recovery of claims under insurance policies thereon; provided, however, that Purchaser shall not be obligated to indemnify Seller for Seller's negligence or misfeasance.

20. Assignment. Without Seller's prior written consent, Purchaser will not assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Agreement or the Facilities or any interest in this Agreement or the Facilities. Seller may assign its rights, title and interest in and to this Agreement, the Facilities and any other documents executed with respect to this Agreement and/or grant or assign a security interest in this Agreement and the Facilities, in whole or in part. Any such assignees shall have all of the rights of Seller under this Agreement, and may deliver certificates of participation representing undivided ownership interests in Seller's rights, title and interest in and to this Agreement, and the Facilities. Subject to the foregoing, this Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Upon assignment of Seller's interests herein, Seller will cause written notice of such assignment to be sent to Purchaser which will be sufficient if it discloses the name of the assignee and address to which further payments hereunder should be made. No further action will be required by Seller or by Purchaser to evidence the assignment, but Purchaser will acknowledge such assignments in writing if so requested.

21. Events of Default. The term "Event of Default", as used herein, means the occurrence of any one or more of the following events:

(a) Purchaser fails to make any Payment (or any other payment) within ten (10) days after it becomes due in accordance with the terms of this Agreement, provided that a failure to make payment because funds are unavailable (as described in Section 8 hereof) shall not constitute an Event of Default;

(b) Purchaser fails to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured within twenty (20) days after written notice thereof by Seller; or

(c) The discovery by Seller that any statement, representation, or warranty made by Purchaser in this Agreement or in any writing ever delivered by Purchaser pursuant hereto or in connection herewith is false, misleading, or erroneous in any material respect.

22. Remedies. Upon the occurrence of an Event of Default, and as long as such Event of Default is continuing, Seller or its assigns may exercise any one or more of the following remedies:

(a) By written notice to Purchaser, declare an amount equal to all amounts then due under this Agreement and all remaining unpaid principal Payments due during the term of this Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) Upon written notice to the Purchaser, the Seller may enter upon the premises where the Facilities is located and take immediate possession of and remove the same;

(c) Sell or lease the Facilities or sublease it for the account of Purchaser, holding Purchaser liable for all Payments and other payments due to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable by Purchaser hereunder; and

(d) Exercise any other right, remedy or privilege which may be available to it under applicable laws of the State of Oregon or any other applicable law, or proceed by appropriate court action to enforce the terms of this Agreement or to recover damages for the breach of this Agreement or to rescind this Agreement as to any or all of the Facilities.

In addition, Purchaser will remain liable for all covenants and indemnities under this Agreement and for all legal fees and other costs and expenses, including court costs, when

and if deemed appropriate and awarded by a court of competent jurisdiction, incurred by Seller with respect to the enforcement of any of the remedies listed above or any other remedy available to Seller, when it is finally adjudicated by a court of competent jurisdiction that Purchaser is in default of this Agreement.

23. Notices. All notices to be given under this Agreement shall be made in writing and mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five days subsequent to mailing.

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

25. Governing Law. This Agreement shall be construed in accordance with, and governed by the laws of, the State of Oregon.

26. Delivery of Related Documents. Purchaser will execute or provide, as requested by Seller, such other documents and information as are reasonably necessary with respect to the transactions contemplated by this Agreement. At the request of Seller, Purchaser will furnish Seller annual financial statements of Purchaser within ninety (90) days after the end of Purchaser's fiscal year.

27. Entire Agreement; Waiver. This Agreement, together with the Acceptance Certificate and other attachments hereto, and other documents or instruments executed by Purchaser and Seller in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Facilities, and this Agreement shall not be modified, amended, altered, or changed except with the written consent of Purchaser and Seller. Any provision of this Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Agreement. The waiver by Seller of any breach by Purchaser of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach thereof.

28. Failure of Contractor to Perform. Seller shall have no liability or obligation to Purchaser for failure of the Contractors to perform in accord with the provisions of the Contracts.

DATED as of this 15th day of September, 1983.

A.G. EDWARDS AND SONS, INC.

TILLAMOOK COUNTY, OREGON

By: _____

By: _____

Title: _____

Title: _____

ATTEST:

Secretary

TRUST AGREEMENT

THIS TRUST AGREEMENT is entered into as of this 15th day of September, 1983, among FIRST INTERSTATE BANK OF OREGON, N.A., a national banking association (the "Trustee"), A. G. EDWARDS & SONS, INC., a corporation organized under the laws of the State of Delaware ("Edwards"), and TILLAMOOK COUNTY, OREGON, a political subdivision duly organized and existing under the Constitution and laws of the State of Oregon (the "County");

RECITALS:

A. The County and Edwards have entered into a Facilities Purchase Agreement dated as of September 15, 1983 (the Purchase Agreement), a duplicate original of which has been furnished to each of the parties, whereby Edwards has agreed to sell certain jail facilities to the County, and the County has agreed to purchase those jail facilities from Edwards, in the manner and on the terms set forth in the Purchase Agreement.

B. The parties now enter into this Trust Agreement to provide for the division of payments made by the County under the Purchase Agreement.

AGREEMENT

The parties agree as follows:

ARTICLE I.

DEFINITIONS, REPRESENTATIONS AND TERM.

SECTION 1.01. Definitions. The following terms shall have the meanings given below unless the context clearly requires otherwise:

"County" means Tillamook County, a political subdivision of the State of Oregon.

"Edwards" means A. G. Edwards and Sons, Inc., a corporation organized under the laws of the State of Delaware, its successors and assigns.

"Facilities" means the jail fixtures and improvements to real property, and the jail equipment which are described in Exhibit A to the Purchase Agreement.

"Owner" means the owner of a Certificate as indicated on the Certificate Register maintained in accordance with Section 2.04 hereof.

"Payments" means the payments to be made by the County under Section 7 of the Purchase Agreement.

"Purchase Agreement" means the Facilities Purchase Agreement between the County and Edwards which is dated September 15, 1983, pursuant to which the County is purchasing the Facilities from Edwards.

"Qualified Investments", to the extent permitted by law, includes the following: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) general obligations of the agencies and instrumentalities of the United States; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution qualified as a depository of public funds in the State of Oregon, including the Trustee or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in clauses (i), (ii), or (iii); (v) bank repurchase agreements issued by a bank described in clause (iv) the underlying securities of which are obligations described in clauses (i), (ii) or (iii) above; or (vi) investments in the State of Oregon Local Government Investment Pool.

"Trustee" means the corporate trust department of First Interstate Bank of Oregon, N.A., a national banking association, and its successors.

SECTION 1.02. Other Definitions. The terms capitalized in this Trust Agreement but not defined herein shall have the meanings given to them in the Purchase Agreement.

SECTION 1.03. Representations. Each of the parties has authority to enter into this Trust Agreement, and has taken all actions necessary to authorize its execution by the officers signing it. Neither the execution and delivery of this Trust Agreement nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which any of the parties is now a party or by which any of the parties is bound, or constitutes a default under any of the foregoing.

SECTION 1.04. Term. Upon payment of all amounts due under the Purchase Agreement, either at or before maturity, or upon the deposit of money or Qualified Investments with the

Trustee sufficient in amount, together with other available funds, to pay all amounts due under the Purchase Agreement, whether at or prior to maturity, and upon notice by the County to Edwards and Trustee the County's duties and obligations hereunder will terminate. This Trust Agreement will be terminated as to the duties and obligations of the Trustee and Edwards upon the payment of the Certificates.

ARTICLE II.

CERTIFICATES

SECTION 2.01. Delivery of Certificates. (a) Upon deposit of the purchase price of the Certificates with the Trustee, the Trustee shall prepare, execute and deliver the Certificates, pursuant to this Agreement, and instructions from Edwards.

The Certificates shall be in the aggregate principal amount of \$800,000, shall be dated September 15, 1983, shall bear interest at the rates per annum, and are due on September 15 of the years, specified below:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1984	\$135,000	
1985	150,000	
1986	155,000	
1987	175,000	
1988	185,000	

SECTION 2.02. Redemption of Certificates. The Trustee shall transmit all Payments to the owners of the Certificates when the Payments are received by the Trustee. The Purchase Agreement permits the County to prepay Payments to the Trustee only if the Facilities are damaged or destroyed as provided in Section 7 of the Purchase Agreement.

SECTION 2.03. Form and Execution. Each Certificate shall be in customary form acceptable to the Trustee, the County and Edwards, numbered serially, shall be signed manually by an authorized officer of the Trustee and shall be in denominations of \$5,000 or any integral multiple thereof, as directed by the purchasers thereof. Each Certificate shall represent a percentage of proportionate ownership interest in the Facilities Payments.

SECTION 2.04. Authentication, Registration and Transfer.

- (1) No Certificate shall be entitled to any right or benefit under this Trust Agreement unless it shall have been authenticated by an authorized officer of the Trustee. The Trustee shall authenticate all Certificates to be delivered at closing, and shall additionally authenticate all Certificates properly surrendered for exchange or transfer pursuant to this Trust Agreement.
- (2) The Owner of all Certificates shall be entered in the Certificate register maintained by the Trustee and the Trustee may treat the person listed as Owner in the Certificate register as the Owner of the Certificate for all purposes.
- (3) The Trustee shall mail the amount due under each Certificate promptly after it receives a Payment from the County to the name and address of the Owner as it appears on the register on the fifteenth day preceding the Date on which a Payment is due. If the amount is so mailed, neither the County nor the Trustee shall have any further liability to any party for such payment.
- (4) Certificates may be exchanged for an equal principal amount of Certificates of the same maturity which are in different denominations, and Certificates may be transferred to other holders if the Owner of the Certificate submits the following to the Trustee:
 - (a) Written instructions for exchange or transfer satisfactory to the Trustee, signed by the Owner of the Certificate or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Trustee; and
 - (b) the Certificates to be exchanged or transferred.
- (5) The Trustee shall not be required to exchange or transfer any Certificates submitted to it during the fifteen-day period preceding a payment date; however, such Certificates shall be exchanged or transferred promptly following the Payment date.
- (6) The Trustee shall not be required to exchange or transfer any Certificates which have been designated for redemption if such Certificates are submitted to it

during the sixty day period preceding the designated redemption date.

- (7) Certificates exchanged or transferred after the first Payment date shall be dated with the Payment date immediately preceding the exchange or transfer.
- (8) For purposes of this section, Certificates shall be considered submitted to the Trustee on the date the Trustee actually receives the materials described in subsection 4 of this section.
- (9) In the event any Certificate is mutilated, lost, stolen or destroyed, the Trustee may issue a new Certificate of like date, maturity and denomination; provided that, in the case of any mutilated Certificate, such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee and County.

Section 2.05. Security for Certificates. The Certificates represent undivided ownership interests in the Payments due from the County under the Purchase Agreement, and are additionally secured by any sums the Trustee may realize in connection with the exercise of default remedies. The obligation of the County to make Payments under the Purchase Agreement is subject to annual appropriation. The Certificates are not general obligations of the County, the Trustee or Edwards, and are secured solely by the Payments and any sums realized in connection with default remedies, as provided in this Trust Agreement.

ARTICLE III.

ACQUISITION FUND.

SECTION 3.01. The Trustee shall establish a special trust fund designated as the Acquisition Fund; shall keep such Fund separate and apart from all other accounts and monies held by it, and shall administer such Fund as provided in this Section and Article V hereof.

SECTION 3.02. There shall be credited to the Acquisition Fund the purchase price of the Certificates, in the amount of \$ _____. The Trustee shall pay from the Acquisition Fund the Facilities Costs as hereinafter provided, upon written

direction from the County in form reasonably satisfactory to the Trustee.

Disbursements from the Acquisition Fund for payment of any portion of the Facilities Costs, will be paid directly to the payee specified by the County. Any investment earnings realized on the investment of monies in the Acquisition Fund shall become a part of such Acquisition Fund. The Trustee shall only be responsible under this Section for the safekeeping and investment of the monies held in the Acquisition Fund and the payment thereof in accordance with this Section and shall not be responsible for the authenticity or accuracy of the certifications or documents described herein, the application of amounts paid pursuant to such certifications by the persons or entities to which they are paid, or the sufficiency of the monies credited to the Acquisition Fund to make all of the payments herein required.

SECTION 3.03. Upon payment of all Facilities Costs and the filing with the Trustee of the Acceptance Certificate referred to in Section 5 of the Purchase Agreement, the Trustee shall transfer to the Payment Fund all monies remaining on hand in the Acquisition Fund, and such amount shall be credited against the Payments next due from the County.

ARTICLE IV.

PAYMENT FUND.

SECTION 4.01. The Trustee shall establish a special trust fund designated as the "Payment Fund", shall keep such Fund separate and apart from all other accounts and monies held by it, and shall administer such Fund as provided in this Section and Article V hereof.

SECTION 4.02. There shall be deposited in the Payment Fund all Payments received by the Trustee from the County under the Purchase Agreement, plus accrued interest on the Certificates from September 15, 1983 to the date of closing. Accrued interest so deposited shall be credited against the first Payment due from the County.

SECTION 4.03. The monies deposited in the Payment Fund shall be applied by the Trustee solely for the benefit of the Owners of the Certificates. The Trustee shall promptly distribute the Payments from the Payment Fund to the Owners of the Certificates, pro rata in accordance with maturities of their Certificates and their respective percentages of ownership interest therein. The monies credited to the Payment Fund shall not be commingled, except for investment purposes pursuant to

Article V, with any other monies held by the Trustee under this Agreement. Any amounts in the Payment Fund remaining after all Certificates are fully paid shall be paid to the County.

ARTICLE V.

MONIES IN ACCOUNTS; INVESTMENTS.

SECTION 5.01. The monies and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of Edwards, the County and the Owners of Certificates, and for the purposes herein specified, and such monies, together with any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Edwards or the County or any Owner, or any of them.

SECTION 5.02. Monies held by the Trustee hereunder shall be invested and reinvested by the Trustee upon the instructions of a County Representative in Qualified Investments which mature on or before the monies will be required for disbursement under this Trust Agreement. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. Monies in the Acquisition Fund and the Payment Fund may be commingled for investment purposes.

SECTION 5.03. The Trustee shall without further direction from the County sell such investments as and when required to make any payment from the Fund for which such investments are held. Any income received on such investments shall be credited to the respective Fund for which it is held, subject to any provision of this Trust Agreement specifying any different credit or the transfer thereof to another Fund.

SECTION 5.04. The Trustee shall furnish to the County an accounting of all investments. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Article.

ARTICLE VI.

TRUSTEE'S COMPENSATION.

SECTION 6.01. As sole compensation for its services hereunder, the Trustee shall be entitled to receive fees pursuant to its separate agreement with the County. The Trustee shall

have no lien on the monies held hereunder for payment of its fees.

ARTICLE VII.

TRUSTEE.

Section 7.01. The Trustee hereby accepts the duties imposed upon it by this Trust Agreement, and agrees to perform said duties as an ordinarily prudent Trustee, but only upon and subject to the following express terms and conditions:

- (a) The Trustee may execute any of the duties or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or inaction in good faith or reliance upon such opinion or advice.
- (b) Except for its signature on the Certificates, the Trustee shall not be responsible: (i) for any recital herein or in the Certificates, (ii) for the validity, priority, recording or rerecording, filing or refiling of this Trust Agreement or any lease or other instrument providing for operation of the Facilities except as provided in Article XII hereof, (iii) for insuring the Facilities or collecting any insurance monies, (iv) for the validity of the execution by the County of this Trust Agreement or of any supplements thereto or instruments of further assurance, (v) for the sufficiency of the security for the Payments, or (vi) for the value or title of the Facilities or as to the maintenance of the security hereof, except that in the event the Trustee enters into possession of a part or all of the Facilities pursuant to any provision of this Trust Agreement, it shall use due diligence in preserving such property. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County under any lease or other instrument under which the Facilities are operated,

except as herein set forth; but the Trustee may require of the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed.

- (c) The Trustee shall not be accountable for the use of any Certificates delivered hereunder. The Trustee may become the Owner of Certificates secured hereby with the same rights which it would have if not Trustee.
- (d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificates, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates issued in exchange therefor or in place thereof.
- (e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the County by an authorized officer thereof as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (d) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient. The Trustee may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the official, or an assistant thereto, having custody of the appropriate records to the effect that legislation or other action in the form therein set forth has been enacted by the County or by the Board of Commissioners of the County, as conclusive evidence that such legislation or other action has been adopted and is in full force and effect.
- (f) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful

default.

- (g) The Trustee shall not be personally liable for any debts contracted for or damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property as in this Trust Agreement provided.
- (h) At any time and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Facilities, including all books, papers and records of the County pertaining to the Facilities, the Purchase Agreement and the Certificates, and to take such memoranda from and in regard thereto as may be desired.
- (i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers and otherwise in respect of the Facilities premises.
- (j) All monies received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.
- (k) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith unless such action shall constitute negligence or willful default.
- (l) The Trustee may, at any time, permit any Certificate Owner or Edwards to inspect any document filed with the Trustee under the terms of this Trust Agreement.
- (m) Before taking action under Section 10.04, the Trustee may require that a satisfactory indemnity bond be furnished by Owners of the Certificate for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default.

SECTION 7.02. A state bank organized under the laws of the State of Oregon, or a national banking association located in Oregon, may be substituted to act as Trustee under this Trust Agreement, upon agreement of the parties hereto or upon written request of the Owners of sixty-six and two-thirds percent (66

2/3%) in aggregate principal amount of all Certificates then outstanding. Such substitution shall not be deemed to affect the right or obligations of the Owners. Upon any such substitution the Trustee agrees to assign to such substitute Trustee its rights and delegate its duties under this Trust Agreement.

SECTION 7.03. The Trustee or any successor may at any time resign by giving mailed notice to all Owners of its intention to resign and of the proposed date of resignation, which shall be a date not less than 60 days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Trustee shall have been or are approved by the Owners of sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Certificates then outstanding. The Trustee may be removed by the Owners of sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Certificates then outstanding.

SECTION 7.04. The Trustee may appoint an agent to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

ARTICLE VIII.

ASSIGNMENT.

SECTION 8.01. Assignment to Trustee. Edwards, in consideration of the premises hereof and of the execution of the Purchase Agreement, does hereby assign and transfer to the Trustee all of Edwards' right, title and interest in, and obligations and duties under, the Purchase Agreement, including its rights to receive the Payments from the County pursuant to the Purchase Agreement, and the right to exercise such rights conferred on Edwards thereunder as may be necessary to enforce payment of such Payments when due, specifically including, but not limited to, enforcement of remedies on default as provided by Section 22 of the Purchase Agreement, or to otherwise protect its interests in the event of a default by the County, but excluding Edwards' duties under Sections 3 and 11 of the Purchase Agreement. The Payments and the rights so assigned shall be applied and exercised as provided in the Trust Agreement.

The Trustee hereby accepts such assignment for the purpose of securing such payments and rights to the Owners of the Certificates. However, this assignment shall neither confer any rights nor impose any duties upon the Trustee beyond those expressly provided in this Trust Agreement.

SECTION 8.02. Except as expressly provided in this Trust Agreement, the rights and duties of each of the parties under this Trust Agreement shall not be assignable to any person or entity without the written consent of all of the other parties; provided that the consent of the Owners shall not be required.

ARTICLE IX.

AMENDMENTS.

SECTION 9.01. This Trust Agreement may be amended in writing by agreement among all of the parties, but no such amendment shall become effective as to the Owners of the Certificates then outstanding until approved by the Owners of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Certificates then outstanding; provided that no such amendment shall impair the right of any Owner to receive his proportionate share of any Payment in accordance with his Certificate. Notwithstanding the foregoing, this Trust Agreement may be amended without the consents of the Owners but only for the purpose of curing any ambiguity or correcting defects in the Trust Agreement, provided that any such amendment does not adversely affect the interests of the Owners.

ARTICLE X.

COVENANTS; DEFAULT; EXERCISE OF RIGHTS
AND AGREEMENT; NOTICES.

SECTION 10.01. The County covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Purchase Agreement and to enforce such Purchase Agreement against Edwards in accordance with its terms.

SECTION 10.02. Trustee, as assignee of certain of Edwards' obligations and duties under the Purchase Agreement, covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Purchase Agreement and to enforce the provisions of the Purchase Agreement against County in accordance with its terms.

SECTION 10.03. If the Trustee does not receive any Payment within two (2) business days after it is due in accordance with the Purchase Agreement, the Trustee shall immediately give oral and written notice of this fact to the County and Edwards.

SECTION 10.04. Upon the occurrence of an Event of Default under Section 21 of the Purchase Agreement, the Trustee may take all actions necessary to eliminate such default and to receive damages therefor, and to pay all monies recovered from the County to the Trustee for deposit in the Payment Fund. The Owners of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Certificates then outstanding and unpaid may require the Trustee, upon satisfactory indemnification, to exercise any remedies. If the Trustee fails to act within a reasonable time, Edwards's rights under the Purchase Agreement may be exercised and enforced by the Owners of the Certificates upon written agreement by the Owners of sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Certificates then outstanding and unpaid.

ARTICLE XI.

LIMITATION OF LIABILITY.

SECTION 11.01. Except for making Payments when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the County contained in said Purchase Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the

distribution of Payments to the Owners by the Trustee.

SECTION 11.02. Neither the County nor Edwards shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

SECTION 11.03. Except as provided in this Trust Agreement, neither Edwards nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Payments by the County or any other covenant made by it in the Purchase Agreement.

SECTION 11.04. The Trustee shall have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates, or for the sufficiency or collection of any Payments or other monies required to be paid to it under the Purchase Agreement, or for the actions or representations of any other party to this Trust Agreement. The Trustee shall have no obligation or liability to any of the other parties or the Owners of the Certificates with respect to this Trust Agreement or the failure or refusal of any other party to perform any covenant or agreement made by any of them under this Trust Agreement or the Purchase Agreement, but shall be responsible solely for the performance of the duties expressly imposed upon it hereunder.

The Trustee shall not be responsible for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or the value of or title to the Facilities. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Trust Agreement.

ARTICLE XII.

RECORDING AND FILING.

SECTION 12.01. The Trustee shall be responsible for the filing of Uniform Commercial Code continuation statements in connection with the Facilities or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interest created by the Trust Agreement.

ARTICLE XIII.

ADMINISTRATIVE PROVISIONS.

SECTION 13.01. The Trustee shall keep complete and accurate records of all monies received and disbursed under this Trust Agreement, which shall be available for inspection by the County and Edwards, or any Owner, or the agent of any of them, at any time during regular business hours.

SECTION 13.02. All written notices to be given under this Trust Agreement shall be given by mail to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Any such notice shall be deemed to have been received 48 hours after deposit in the United States mail in registered form, with postage fully prepaid.

County: 201 Laurel Avenue
Tillamook, Oregon 97141

Edwards: A. G. Edwards & Sons, Inc.
4412 S. W. Barbur Boulevard
P. O. Box 450
Portland, Oregon 97201

Trustee: First Interstate Bank of Oregon, N.A.
Trust Department
P. O. Box 2971
Portland, Oregon 97208

SECTION 13.03. This Trust Agreement shall be construed and governed in accordance with the laws of the State of Oregon.

SECTION 13.04. Any provision of this Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Trust Agreement.

SECTION 13.05. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

SECTION 13.06. This Trust 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 agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first written above.

FIRST INTERSTATE BANK OF OREGON, N.A.,
as Trustee

By _____
Trust Officer

A. G. EDWARDS AND SONS, INC.

By _____

TILLAMOOK COUNTY, OREGON

By _____
County Executive

84986

Official Statement
NEW ISSUE

Tillamook County, Oregon
\$800,000
Certificates of Participation
(County Jail Improvements)

Evidencing Interests of the Owners of the Certificates of Participation in a Purchase Agreement with Tillamook County.

Dated: September 15, 1983

Due: September 15, as show below
Rating: None

Interest on the Certificates is payable semi-annually commencing March 15, 1984, and on each March 15 and September 15 thereafter.

Certificates will be issued in registered form in \$5,000 denominations or any integral multiple thereof. Principal and interest on the Certificates will be payable at the offices of the Corporate Trust Department, First Interstate Bank of Oregon, N.A., Paying Agent.

The Certificates are not subject to optional redemption.

IN THE OPINION OF RAGEN, ROBERTS, O'SCANNLAIN, ROBERTSON AND NEIL, PORTLAND, OREGON, BOND COUNSEL, INTEREST ON THE CERTIFICATES IS EXEMPT FROM PRESENT FEDERAL INCOME TAXES AND OREGON PERSONAL INCOME TAXES UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS.

The Certificates are payable solely from funds legally available to Tillamook County (the "County") for the purpose of making payments required by the Purchase Agreement. The County has agreed to make all payments due in a given year in which it has made appropriations for the funds necessary to make the payments, but the Purchase Agreement does not constitute a pledge, lien, or encumbrance upon funds of the County.

<u>Year</u>	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>
1984	\$135,000		
1985	150,000		
1986	155,000		
1987	175,000		
1988	185,000		

The Purchase Agreement may be terminated prior to July 1 of any year in which the County does not appropriate sufficient funds to fully pay all of the County's obligations under the Purchase Agreement. The obligation of the County to make payments is a current expense, payable solely from funds lawfully available for such use. The obligation of the County under the Purchase Agreement does not constitute a pledge or liability or charge upon the funds of the County and does not constitute a debt of the County.

The Certificates will be offered when, as and if issued and received by the Underwriter and subject to the approval of legality by Ragen, Roberts, O'Scannlain, Robertson, and Neill, Portland, Oregon, as bond counsel, the approval of Wood, Tatum, Mosser, Brooke, and Holder, Portland, Oregon, Counsel to the Underwriter, and certain other conditions. It is expected that the Certificates in definitive form will be available for delivery in Portland, Oregon on or about September 27, 1983.

A.G. Edwards & Sons, Inc.

The Date of this Official Statement is September 1, 1983.

EXHIBIT D

8 4986

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offers made hereby, and if given or made, such information or representations must not be relied upon as having been authorized by Tillamook County or the Underwriter. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of Tillamook County since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from Tillamook County and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

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SOURCE AND SECURITY FOR PAYMENTS

Source

The payments due on the Certificates are to be made by the Trustee from the Payments paid to it by the County pursuant to the Purchase Agreement.

Security

Each Certificate represents a proportionate interest in payments to be made by the County pursuant to the Purchase Agreement. The Purchase Agreement may be terminated by the County by written notice to the Trustee. In such event the County would have no further payment obligation under the Purchase Agreement. The Trustee may remove the Facilities from the County and take whatever actions are reasonably necessary to sell it to a third party. Because of the depreciation and potential obsolescence of the Facilities, it is possible that revenues from the sale of the Facilities would be insufficient to redeem all outstanding Certificates. Should there be insufficient moneys to redeem all outstanding Certificates, such outstanding Certificates would be payable on a pro rata basis.

A.G. Edwards will further assign its rights to receive Payments under the Purchase Agreement to the Trustee for the benefit of the Owners of the Certificates. The Payments will be assigned solely for the benefit of the Certificates. *Fix space*

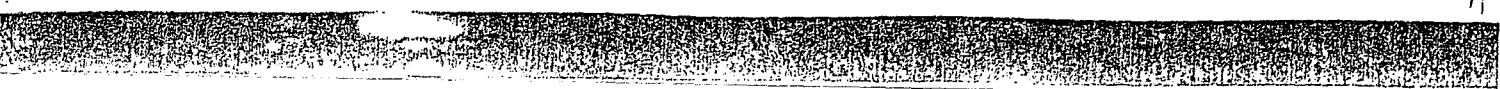
Subject to termination of the Purchase Agreement as described above, the County is required to pay the Lease Payments to the Trustee. The Payments are to pay, when due, the principal of and interest due with respect to the Certificates. No pledge, lien or encumbrance upon funds available to the County is created; however, the County has covenanted and agreed in the Purchase Agreement to make all Payments due in any fiscal period in which it has had sufficient funds appropriated to pay the Payments.

The obligation of the County to make such payments constitutes a current expense payable from funds legally available therefor. Such obligation does not constitute a debt of the County beyond the fiscal year for which the County has funds to make Payments. ✓

The Facilities are to be insured as required by the Purchase Agreement. Insurance proceeds are required to be applied to the repair of the Facilities. The County has covenanted that it will carry insurance on the Facilities during the term of the Purchase Agreement in an amount at least equal to the unpaid principal amount of the Payments. ✓

To further secure the Facilities Payments, the Trustee has been assigned a security interest in the Facilities. The security interest in the Facilities is solely for the benefit of the owners of the Certificates. In addition, all amounts in the funds and accounts created by the Trust Agreement will be held by the Trustee for the benefit of the Certificate holders subject to the provisions of the Trust Agreement permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Trust Agreement.

Review
of Cust



DOCUMENT SUMMARIES

Revised
to Customer

from Harvey

INTRODUCTION

The purpose of this Official Statement, including the preceding pages and Tables hereto, is to provide information in connection with the offering, sale and delivery of \$800,000 aggregate principal amount of Certificates of Participation (the "Certificates") described herein. Each Certificate represents the undivided percentage interest of the registered owners (the "Owners") in certain payments which Tillamook County (the "County") is to make pursuant to the Purchase Agreement.

The Certificates represent an undivided percentage interest in the Purchase Agreement executed by the County as ^{seller} purchaser and A.G. Edwards and Sons, Inc. as (the "Seller") dated as of September 15, 1983. The County is to make certain payments (the "Payments") as the acquisition price for certain equipment and improvements to the County's jail facilities. (the "purchaser")

A.G. Edward's interest as seller, including the right to receive the Payments, have been assigned to First Interstate Bank of Oregon, N.A. as trustee (the "Trustee") pursuant to a Trust Agreement among the Trustee, the County and A.G. Edwards (the "Trust Agreement") dated as of September 15, 1983. ^{move}

The Purchase Agreement and the Trust Agreement are being entered into to provide financing for the installation of jail improvement facilities (the "Facilities") pursuant to the terms of the Purchase Agreement.

The Owners' right to payment of the Certificates is secured by the Trustee's security interest in the Facilities as set forth in the Purchase Agreement, and the Trust Agreement, and by the assignment of the Purchase Agreement Payments to the Trustee.

RISK FACTORS

Purchase of a Certificate involves certain investment risks to an Owner. The following factors should be considered by any investor prior to purchasing any Certificates.

Credit Risk

The sole source of payments for interest and principal on the Certificates are payments made by the County under the Purchase Agreement, insurance proceeds, and proceeds received from any sale of the Facilities, as provided in the Trust Agreement (SEE "TRUST AGREEMENT").

Beginning in the 1982-83 fiscal year, the County put into effect a series of budget reduction and cost-saving measures. These measures were necessary due to the effects of the general economic depression on the County. Most of the reductions were in the area of personnel. A total of 25 positions, out of a total of 130.5, were eliminated from the budget, resulting in a projected cost savings of approximately \$325,000 for the 1983-84 fiscal year. In addition, most County employees accepted a voluntary 10% pay reduction, resulting in an additional projected savings of approximately \$250,000 at the beginning of the 1982-83 fiscal year. Other economy measures included the elimination of General Fund support to the County Extension Service, and the elimination of General Fund support to the County Fair, thus putting the fair on a fully self-supporting basis. In addition, the County's 1983-84 contribution to its retirement system, which was fully funded as of December 31, 1982, was deferred.

The County has appropriated funds to make the Facilities Payment due March 15, 1984. All future Payments are subject to the County appropriating funds sufficient to allow the County to pay the Lease Payments.

Remedies

Remedies provided in the Purchase Agreement and the Trust Agreement may be unenforceable as a result of the application of principles of equity or of state and Federal laws relating to bankruptcy, other forms of debtor relief, and creditors' rights generally.

The enforcement of any remedies could prove both expensive and time consuming. In the event of a sale of the Facilities as a result of non-appropriation or default by the County, it is possible that proceeds of the sale would not be adequate to pay the Certificates in full.

Resale of Certificates

At this time in the secondary market for securities similar to the Certificates, the difference between the bid and asked price may be greater than the bid and asked spread on more traditional types of municipal securities.

Nonappropriation and Default

In the event that the County defaults or fails to appropriate and budget funds sufficient to meet its obligations under the Purchase Agreement, the Trustee, as assignee may take possession of and sell the Facilities. Since the sale of the Facilities may not be possible on terms as favorable as terms of the Purchase Agreement, there can be no assurance that the principal and interest payments expected to be realized as set forth in the Purchase Agreement will in fact be received. Accordingly, the Owners of the Certificates may suffer an interruption of such payments, or a total loss of their interest payments as well as the loss of a portion of their principal, depending upon the ability of the Trustees to sell the Facilities.

Obligations of the County

The obligation of the County to make Facilities Payment⁵ under the Purchase Agreement is payable from general funds of the County appropriated for such use. The County has the capacity to enter into other leases or other obligations in general which may constitute additional charges against the general fund of the County. To the extent that additional obligations are incurred by the County, the funds available to make Facilities Payment₁ may be decreased. X

THE CERTIFICATES OF PARTICIPATION

General Provisions

The Certificates will be dated and will mature on the dates and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Certificates is payable on March 15, 1984, and semi-annually thereafter on each March 15 and September 15. The Certificates are issuable in fully registered form in denominations of \$5,000 each, or any integral multiple thereof. Interest on fully registered Certificates shall be payable by check or draft of the Trustee mailed to the Owner of record on the payment date at the address shown on the Certificate register. Fully registered Certificates may be transferred at the principal office of the Trustee. Fully

registered Certificates may be exchanged for a different amount of registered Certificates of the same maturity and series (provided at such time the interest on the registered Certificates would be exempt from federal income tax). For every transfer, the Trustee may make a charge sufficient to reimburse it for any fee or charge payable by the Owner of the Certificate sufficient to reimburse it for any fee or charge required to be paid with respect to such exchange or transfer and expenses incurred.

THE FACILITIES

Tillamook County is planning a major remodeling of its jail facilities. The present jail was built in 1932 as a part of the original courthouse and is located on the third floor of the County Courthouse. Over the years the 4,400 square feet facility has become inadequate to meet space demands. It serves as the local correctional facility for seven cities and the County.

In December, 1982, a class action lawsuit was filed in federal district court in Portland challenging specific conditions in the jail. It became apparent to the County officials that the jail is constitutionally inadequate. The least expensive remedy is a major remodel of the jail. No additional space in the courthouse is allocated for the jail.

The remodeling plans call for the creation of a 22-bed facility which will house pretrial, presentence and sentenced male inmates only. There will be six single cells, four double cells and an eight-man dormitory. Indoor dayrooms and recreation areas will be provided, as well as a rooftop outdoor exercise area. The plans call for a central control room where a duty officer will electronically monitor the halls and dayrooms and operate the locking systems. There will also be a central kitchen, medical office, library-conference room, and secure visitor area. New plumbing, ventilation and secure windows will be provided.

The remodeled facility will meet current standards for correctional facilities and will be a secure facility for both the correctional staff and the inmates. Because it is the responsibility of the County government to provide such facilities, the current project must be completed and maintained in usable condition. The County currently must board most prisoners outside of Tillamook County at considerable cost. The County views the remodeling of the jail facilities to be an ultimate cost savings over these current conditions. At present, County prisoners must be held in facilities in other parts of the state. The County estimates that it currently costs about \$50 per day to house a County prisoner in another facility. This results in a cost of, for example, \$1,000 per day for an average of twenty prisoners who must be held in this way.

Statement of Costs

Contractor Bid	\$598,780
Construction Contingency	88,220
Furniture	17,000
Architect	50,000
Underwriters Discount	20,000
Administrative Costs	16,000
Bond Counsel	10,000
	<u>\$800,000</u>

Tillamook County EconomyIntroduction

Tillamook County, population 21,500, is located on the Northern Oregon coast. It has approximately 75 miles of coastline extending from Lincoln County on the south, to Clatsop County on the north. The County is bordered by the Pacific Ocean on the west, and by Yamhill and Washington Counties on the east. The City of Tillamook, population 4,000, is the county seat. It is located near Tillamook Bay, about 74 miles west of Portland, 74 miles northeast of Salem, 69 miles north of Newport, and 66 miles south of Astoria.

Tillamook County contains 713,600 acres, of which approximately 65% are public lands, of this, about 1/3 is federally owned and 2/3 is state owned or managed. Some 90% of all available land in the County is forest resource land. About 5% is in agriculture with the remainder in urban and other uses.

The elevation range is from sea level along the coast to the top of Mt. Hebo, with an elevation of 3,174 feet above sea level. There are a few peaks in the northwestern part of the County that exceed 3,000 feet. Except for the valleys along the coast, Tillamook County is rugged and mountainous. The County is characterized by both broad and narrow coastal valleys and a narrow discontinuous coastal plain up to four miles wide. The coastline is relatively straight and has moderately broad, sandy beaches between isolated, rugged headlands.

There are eight major stream systems in Tillamook County. Each discharges the County's annual average of 90 inches of precipitation into the Pacific Ocean by way of a coastal bay - five into Tillamook Bay, two into Nestucca Bay, and one into Nehalem Bay.

Thirty-eight percent of all County residents live in small incorporated municipalities, with the remainder living in similar small unincorporated communities in suburban areas and in rural areas.

The majority of the population resides in or around the discontinuous coastal plain, approximately four miles wide, running the entire length of the county. Seasonal population occupying second homes swells the County's population total by up to 40% during peak periods.

Population Trends

According to the U.S. Census Bureau, the population of Tillamook County in 1980 was 21,250. In addition to those who make Tillamook County their permanent residence, there were approximately 8,450 people who rented or owned seasonal homes in the County. The peak population was therefore 29,690. The permanent population accounts for 71.5% of the total, while the seasonal accounts for the remaining 28.5%.

Population Growth, 1940-1980

	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1982</u>
Tillamook County	12,263	18,606	18,955	18,034	21,250	21,150
Bay City	379	761	996	898	1,000	1,050
Garibaldi	---	1,249	1,163	1,083	985	1,065
Manzanita	---	339	363	261	445	435
Nehalem	247	270	233	241	260	255
Rockaway	---	1,027	771	665	1,064	1,070
Tillamook City	2,751	3,685	4,244	3,968	3,980	3,920
Wheeler	259	291	237	262	305	315

Source: Bureau of Census and Population Research, Portland, Oregon

Note: The County's population grew 17.8% over the period 1970-1980.

The State of Oregon's population grew 26.5% over the same decade.

The current permanent population in Tillamook County of 21,250 is lower than the 1953 peak population of 21,700. There was a steady increase in population until 1953 as a result of the growth in the forest products industry. After the Tillamook Burns of 1933 to 1950, the focus of the industry was on salvage logging. As the salvage operations were completed the population declined from the high in 1953 to a low in 1965 of 16,100. The growth in permanent population from 18,034 in 1965 to 21,250 in 1980 can be attributed to a growth in tourism and second or retirement homes.

Income

Incomes in the County are below the average in the State. In 1978 the median family income was \$13,363, compared to the State average of \$16,768. Tillamook ranked 32nd among Oregon counties in size of median income. The average monthly income in 1978 was \$1,050, with a yearly income of 12,600.

HOUSEHOLD INCOME FOR TILLAMOOK COUNTY, 1978

<u>Household Income</u>		<u>Year</u>	<u>Percent of</u>		
<u>Month</u>			<u>Households</u>		
Under - \$	200	Under - \$	2,400	1.8	
\$	200 - \$	\$	2,400 - \$	4,799	6.2
\$	400 - \$	\$	4,800 - \$	7,199	12.0
\$	600 - \$	\$	7,200 - \$	9,599	11.8
\$	800 - \$	\$	9,600 - \$	11,999	14.1
\$	1,000 - \$	\$	12,000 - \$	14,399	15.5
\$	1,200 - \$	\$	14,400 - \$	19,199	16.7
\$	1,600 - \$	\$	19,200 - \$	23,999	9.8
\$	2,000 & over	\$	24,000 & over		12.1

Source: Tillamook County 1978 Housing Survey

MEDIAN FAMILY INCOME ESTIMATES
1978 - 1980

<u>Year</u>	<u>Area</u>	<u>Median Family Income</u>	<u>Rank in State</u>
1978	Tillamook County	13,363	31
	Clatsop County	17,516	5
	Oregon	16,768	--
1979	Tillamook County	14,743	30
	Clatsop County	18,823	4
	Oregon	17,993	--
1980	Tillamook County	15,878	29
	Clatsop County	21,260	3
	Oregon	19,497	--

Source: State of Oregon Housing Division

Labor Force

The Tillamook County labor force grew 24.5% from 1970 to 1980, considerably faster growth than did the population, which was 17.8%. The large increase in labor force is largely due to large numbers of women entering the labor market.

AVERAGE ANNUAL UNEMPLOYMENT RATES
1970 - 1980

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	July 1983
U.S.	4.9	5.9	5.6	4.9	5.6	8.5	7.7	7.0	6.0	5.8	7.1	9.5
State	7.1	7.6	6.8	6.2	7.5	10.6	9.6	7.3	6.0	6.8	8.2	9.9
Tillamook County	7.3	7.7	6.0	5.9	10.6	14.5	10.4	6.9	6.2	9.3	10.8	9.1

Source: State of Oregon Employment Division - Department of
Human Resources

Agriculture

Agriculture in Tillamook County is almost totally dairy based. Approximately 5% of the County's land is devoted to agriculture. The lowlands in the Tillamook Bay region are highly suited for this type of agriculture because of the region's deep soil, abundant rainfall and temperate climate. From 1971 to 1980, gross farm income increased 234% at an average rate of 14.3% per year.

Fisheries

The major commercial activity is concentrated in Garibaldi and Bay City of Tillamook Bay, with some commercial activity occurring in Pacific City. Major employment begins in April with the opening of the shrimp season and runs into November when salmon activity is curtailed. The largest number of people are employed in the salmon operation, with shrimp, crab and bottom fishing following in approximately that order. In addition, a small portion of the ocean resource labor force is employed year-round by the estuary oyster industry, with the majority of this activity occurring during the winter months. 85% of Oregon's oyster harvest occurs in Tillamook Bay. All totalled, in excess of 400 individuals sold ocean-harvested food products to the Garibaldi buyers last year.

In addition to harvesting activity, approximately 74 full-time equivalent individuals are employed in the seafood processing plants located in the County. These occupations range from crab crackers to fish filleters. The majority of these jobs are seasonal and are occupied by second wage earners. It is difficult, if not impossible, to compare labor force trends for this sector, since many fisher-people are not covered by State Employment Insurance.

Forestry

Lumber and wood products dominate manufacturing county-wide. 90% of all County land is devoted to commercial forestry. During the years 1933, 1939, and 1945, 355,000 acres of timberland were burned in what is now referred to as the Tillamook Burn. Through reforestation efforts, this land is being harvested. The following shows projections for board foot harvest in the Burn area:

- 1980-90: 437,000 MM Board Feet
- 1990-00: 415,000 MM Board Feet
- 2000-10: 860,000 MM Board Feet
- 2010-20: 1,500,000 MM Board Feet

These amounts continue to rise until the year 2040 when a slight decline in production begins.

Three other forest areas in the County were not touched by the Tillamook Burn and have been harvested and re-seeded continuously over the years. These are the Siuslaw National Forest, land owned by the Bureau of Land Management, and the forest along the coastal plains.

PERCENT DISTRIBUTION OF EMPLOYMENT
BY INDUSTRY GROUP FOR TILLAMOOK COUNTY

	<u>1970</u>	<u>1975</u>	<u>1980</u>
Agriculture	13.3%	11.3%	8.8%
Manufacturing			
Lumber and Wood	25.3	14.6	15.3
Other Manufacturing	6.1	6.6	8.1
Manufacturing Subtotal	31.5	21.2	23.4
Non-Manufacturing			
Transportation/Public Utilities	2.8	2.6	2.9
Construction	1.4	2.1	2.8
Wholesale/Retail Trade	15.0	19.6	20.4
Finance/Insurance/Real Estate	2.6	2.6	3.4
Services	13.1	13.8	14.7
Government	20.4	26.8	23.5
Non-manufacturing Subtotal	55.2	67.5	67.9
Total	100.0	100.0	100.0

center headings

Source: Tillamook County Fact Book

ECONOMIC SECTORS - MAJOR EMPLOYERS

	<u>Number of Employees</u>
-- Lumber and Wood Products	
Publishers Paper Company	200
Crown Zellerbach Corp.	175
All Others	250
TOTAL Lumber and Wood Products:	625
-- Agriculture	
Tillamook County Creamery	220
All Others	55
TOTAL Agriculture:	275
-- Fish Processing	
Total Fishing	89

Source: Tillamook County Factbook

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Tillamook County Financial Information

General Fund Revenue

1981 Actual	1982 Actual	1983 Adopted	Account	1984 Adopted
\$98,210	\$800,963	\$968,774	Beg. Gen. Fund Bal.	\$49,930
\$798,386	\$759,825	\$853,000	Current Year Taxes	\$1,445,275
\$142,315	\$101,347	\$100,000	Prior Years Taxes	\$100,000
\$700,986	\$781,789	\$300,000	Timber & Land Sales	\$435,000
\$157,529	\$40,000	\$130,000	Transfer From POAD	\$150,000
\$80,000	\$100,000	\$140,000	Trsf. Fr. Revenue Sha.	\$260,000
\$0	\$2,190	\$0	Trsf. From HB 2540	\$0
\$0	\$0	\$0	Trsf. From Ener. Cons.	\$1,540
\$10,667	\$9,017	\$15,000	Trsf. Fr. Law Enforce.	\$25,000
\$0	\$0	\$0	Trsf. From Hosp. Construction	\$7,461
\$200,000	\$134,129	\$0	Trsf. From Hosp B&C (Bend Coup.)	\$0
\$0	\$2,725	\$0	Conditional Release	\$0
\$0	\$0	\$22,500	Judicial Reimburse.	\$0
\$9,720	\$9,312	\$13,000	State Aid Dist. Atty.	\$5,000
\$42,343	\$39,647	\$40,000	Recording Fees	\$50,000
\$38,720	\$42,693	\$40,000	Clerks Fees	\$10,000
\$17,442	\$9,607	\$20,000	Election	\$10,000
\$83,661	\$99,253	\$100,000	Rent of Parks	\$120,000
\$4,613	\$625	\$0	Matching Fund-Parks	\$0
\$60,454	\$70,127	\$43,000	Health Dept. Fees	\$55,000
\$0	\$0	\$27,000	OSHD Hlth. Grant WIC	\$25,154
\$0	\$5,313	\$6,000	OSHA Per Capita Gran.	\$8,346
\$285,742	\$299,207	\$250,000	MH & Matching ESD	\$0
\$18,798	\$22,098	\$22,000	Sheriff Fees	\$20,000
\$13,761	\$0	\$0	Sheriff Park Patrol	\$10,000
\$8,121	\$17,327	\$15,000	Emerg. Services Reimb.	\$15,000
\$6,734	\$7,061	\$7,000	Surveyor Fees	\$7,000
\$3,862	\$3,718	\$4,000	Planning-Zoning Fees	\$55,000
\$39,163	\$56,952	\$50,000	Building Permits	\$55,000
\$434	\$2,322	\$3,000	Extradition Fund	\$3,000
\$177,760	\$180,053	\$190,000	Fines & Costs	\$150,000
\$546,599	\$543,432	\$220,000	O & C Land	\$230,000
\$533,994	\$514,363	\$400,000	Interest on Invest.	\$50,000
\$46,932	\$51,517	\$50,000	Liquor Fees	\$65,000
\$1,711	\$2,867	\$2,000	Amusement Device Tax	\$3,000
\$27,510	\$30,650	\$30,000	Cigarette Tax Fees	\$25,000
\$157,529	\$228,202	\$250,000	Miscellaneous	\$200,000
TOTALS \$4,313,696	\$4,968,331	\$4,311,274		\$3,545,846

Expenditures

1981 Actual	1982 Actual	1983 Adopted	Account	1984 Adopted
\$2,726,753	\$3,013,842	\$2,796,399	Personal Services	\$2,145,454
\$1,012,339	\$1,100,047	\$1,139,699	Materials & Supplies	\$993,777
\$93,114	\$82,180	\$108,781	Capital Outlays	\$45,000
		\$200,000	Contingency	\$100,000
		\$16,395	Transfers	\$261,615
TOTALS \$3,832,206	\$4,196,069	\$4,311,274		\$3,545,346

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Property Tax Procedures

Appraisal Procedures

Under Oregon law, property is appraised at 100 percent of its true cash (market) value. Uniformity of appraisal is required by the Oregon State Constitution and, to achieve this, only state certified appraisers may appraise real property for tax purposes. By law, each property must be physically reappraised at least once every six years. Between physical appraisals, the County Assessor annually updates the values listed on the valuation roll, based on the annual index or market sales data for each classification of property. This process is required to conform with the State requirement that all property classes be appraised annually at or within 5 percent of 100 percent of true cash value.

The County Board of Equalization is required by law to meet each May to examine and equalize the valuation rolls.

Public utility property is centrally appraised by the Oregon Department of Revenue.

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After appraising all property at its market value, the value of all property is adjusted as described below to limit the increase in assessed valuation statewide at 5 percent.

Tax Levies and Collections

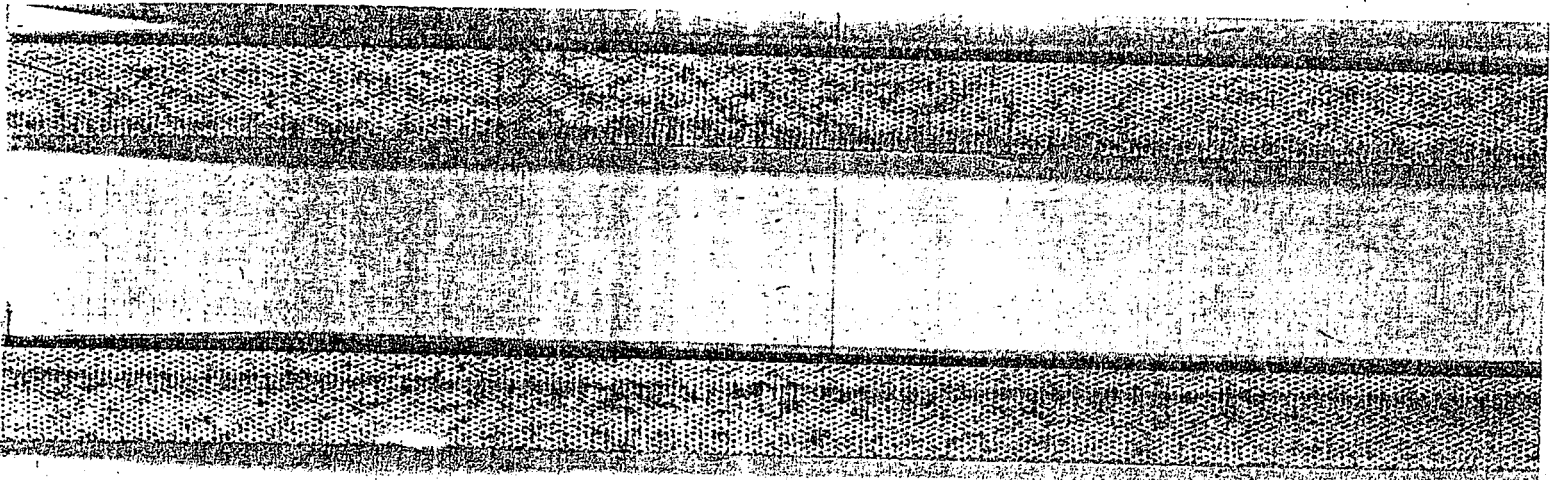
The tax levy consists of a district's budgeted tax requirement less estimated offsets for certain in-lieu payments. Under Oregon law, the tax rate is computed by dividing the levy requirement by the assessed valuation, not the true cash value of the District. The amount which the district received during the fiscal year will vary from the levy due to prepayment discounts (up to 3 percent if the entire tax bill is paid by November 15), tax delinquencies, receipts from back taxes, penalties and the sale of foreclosed properties. In budgeting, a tax deferral and delinquency allowance is usually included, which includes up to 3 percent of the levy that will not be received due to the discounts. In figuring total levy collections to date, County Assessors adjust rolls so that a 100 percent collection rate is obtainable if there are only discounts and no delinquencies.

The 1979 legislature changed the tax payment procedures. Formerly paid in quarterly installments, taxes due for the 1980-81 tax year and thereafter are payable in three installments on November 15, February 15 and May 15, thereby dropping the prior fourth payment on August 15.

Since the fiscal year ends June 30, the final August 15 payment made the collection rate for years prior to 1980-81 lower; however, this payment was not "delinquent" and was allocated toward the proper year's levy by the tax collector when computing full-year collection rates. For 1980-81 and thereafter, the collection rate reflects actual current year levy collections during each fiscal year.

Formerly, taxes on real property not paid by August 15 were declared delinquent; as of 1980-81 the delinquency is declared on May 15. Taxes on personal property become delinquent whenever any installment is not paid on time. Regardless of their term, installment payments after their due date accrue interest at the rate of 1 percent per month until paid. Three years after taxes have become delinquent, real property is subject to foreclosure. Personal property is subject to seizure 90 days after delinquency.

As each year's taxes for all taxing bodies within a county are collected, the money is placed in an unsegregated pool and each taxing body shares in the pool on the basis of its tax rate regardless of the actual collection experience within each taxing body. Therefore, in application, the



amount of each taxing body's levy becomes a county-wide levy, and the tax collection record of each taxing body becomes a pro rata share of the total tax collection record of all taxing bodies within the County. Thus, an overall collection rate of 90 percent of the county-wide levy indicates a 90 percent tax levy collection for each taxing body. Until such time as distribution of tax monies is authorized by the Tax Collector, all interest earned on deposits to the unsegregated account is credited to the County.

TILLAMOOK COUNTY
PROPERTY TAX COLLECTION RECORD (As of June 30, 1983)

<u>Year</u>	<u>Assessed Value</u>	<u>County Levy</u>	<u>Amount Collected</u>	<u>Percent Collected 6/30/83</u>
1982-83	\$748,287,654	\$1,046,125	\$ 920,885	88.03%
1981-82	655,282,069	988,948	935,393	94.58%
1980-81	589,619,738	933,288	908,538	97.35%
1979-80	526,534,580	1,354,211	1,332,368	98.39%
1978-79	423,282,700	1,275,878	1,275,338	99.96%

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