

RESOLUTION NO. 1307

**RESOLUTION OF THE CITY OF TROUTDALE, MULTNOMAH COUNTY,
OREGON AUTHORIZING NEGOTIATION OF A LEASE-PURCHASE
AGREEMENT, RELATED DOCUMENTS AND ISSUANCE OF FULL FAITH
AND CREDIT OBLIGATIONS.**

WHEREAS, the City Council of City of Troutdale (the "City") finds:

A. The City is authorized pursuant to the Constitution, ORS 271.390 and laws of the State of Oregon to enter into lease-purchase agreements to finance authorized projects; and

B. It is in the best interest of the City to authorize negotiation of a Lease-Purchase Agreement and an Escrow Agreement which provide for the issuance of Full Faith and Credit Obligations ("Obligations") in a principal amount of not more than \$250,000 to reimburse the City for the costs of repairs and improvements to City's Downtown Center Parking Project (the "Project") and the costs of issuance; now, therefore be it

RESOLVED by the City Council, that:

1. The City Administrator or his designee (the "Administrator") of the City be authorized to:

a. Negotiate a Lease-Purchase Agreement in a principal amount of not more than \$250,000 in substantially the form attached hereto as Exhibit A;

b. Negotiate an Escrow Agreement in substantially the form attached hereto as Exhibit B, which provides for the issuance of the Full Faith and Credit Obligations, Series 1997 (the "Obligations") representing the principal amount payable under the Lease-Purchase Agreement; and

c. Covenant for the benefit of the owners of the Obligations to comply with all provisions of the Internal Revenue Code of 1986, as amended, which are required for the interest component of lease payments payable under the Lease-Purchase Agreement to be excluded from gross income for federal income tax purposes, as provided in the Lease-Purchase Agreement.

2. The City (and all subordinate entities, if any) reasonably anticipates that it will issue more than \$10,000,000 of tax-exempt obligations during calendar year 1997. The City, therefore, does not designate the Obligations as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

3. The following parties are hereby appointed:

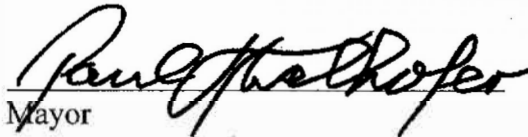
- a. Strand Aktinson Williams & York Incorporated, as senior managing underwriter;
- b. Preston Gates & Ellis LLP, as special counsel; and
- c. First Trust National Association, as escrow agent and paying agent for the Obligations.

4. The Administrator, on behalf of the City, may:

- a. participate in the preparation and distribution of a preliminary official statement or other disclosure document for financing;
- b. negotiate the terms of a Purchase Agreement with the underwriters, establish the final principal amount (not to exceed \$250,000, interest rates (at a true interest cost not to exceed 7%), sale prices and other terms of the Obligations;
- c. purchase insurance for the Obligations if it is in the best interests of the City;
- d. execute and deliver the Lease-Purchase Agreement, the Escrow Agreement and the Obligation Purchase Agreement, with such changes as the Administrator finds are in the best interests of the City; and
- e. execute and deliver any other certificates or documents which are reasonably required to finance the Project with the Lease-Purchase Agreement, and to issue, sell and deliver the Obligations in accordance with this resolution.

DATED this 8th day of April, 1997.

City of Troutdale,
Multnomah County, Oregon


Mayor

ATTEST:


Recorder

**Original Signed and
Executed Documents are
located in the Finance
Directors Office**

LEASE-PURCHASE AGREEMENT

by and between

**First Trust National Association,
as Lessor**

and

**City of Troutdale,
as Lessee**

dated as of May 1, 1997

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LEASE-PURCHASE AGREEMENT

This Lease-Purchase Agreement (the "Agreement") is dated as of May 1, 1997 and entered into between First Trust National Association acting in its capacity as Lessor (the "Lessor"), and City of Troutdale, Multnomah County, Oregon (the "Lessee"). In consideration of the mutual obligations contained herein, the Lessor and the Lessee agree as follows:

Article 1. Definitions, Recitals, Covenants and Representations

Section 1.1. Definitions.

1.1.1. The following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

"Closing" means the date the Obligations are sold and monies received from the Underwriter.

"Code" means the Internal Revenue Code of 1986, as amended, and all applicable regulations.

"Escrow Agent" means First Trust National Association acting in its capacity as Escrow Agent, under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, dated May 1, 1997 between Lessee and Escrow Agent, relating to this Purchase Agreement.

"Event of Default" is defined in Section 7.

"Government Obligations" means direct and general obligations of the United States of America, to the payment of which the full faith and credit of the United States are pledged.

"Lease Payments" means the Lease payments payable by Lessee pursuant to Section 2.3.

"Lease Term" is defined in Section 2.2.

"Lessee" means City of Troutdale, Multnomah County, Oregon, its successors and assigns.

"Lessor" means First Trust National Association, its successors and its assigns.

"Obligations" means the Full Faith and Credit Obligations, Series 1997, representing interests in the Lease Payments which the Escrow Agent is directed to issue pursuant to Section 3.1 of the Escrow Agreement.

"Owners" or "Obligation Owners" means the registered owners of the Obligations as shown on the registration books maintained by the Registrar.

"Paying Agent" and "Registrar" means First Trust National Association or its successors, acting in its capacity as paying agent and registrar under the Escrow Agreement.

"Payment Date" means a date that Lease Payments are scheduled to be paid, as indicated in Section 2.3 of this Agreement.

"Property" means repairs and improvements to City facilities, as described in Appendix A hereto, as it may be amended from time to time by Lessee by written notice to Lessor and Escrow Agent, as provided in Section 3.6.

"Purchase Agreement" means this Lease-Purchase Agreement.

"Underwriter" means Strand, Atkinson, Williams & York Incorporated, as the initial purchaser of the Obligations.

Section 1.2. Recitals.

1.2.1. Lessee desires to be reimbursed for monies previously advanced for the Project by leasing and purchasing the property from the Lessor as agent for the Lessee and Lessor desires to lease and sell that Property to the Lessee in accordance with this Purchase Agreement.

1.2.2. Lessee is authorized to enter into this Agreement under ORS 271.390 and an authorizing Resolution of the City.

Section 1.3. Covenants and Representations of Lessee.

1.3.1. Lessee represents, covenants and warrants for the benefit of Lessor and the Owners as follows:

1.3.1.1. Lessee is a city which is duly organized and existing under the Constitution and laws of the State of Oregon, and has full power and authority to enter into this Purchase Agreement and to perform all of its obligations hereunder.

1.3.1.2. Lessee will do or cause to be done all things necessary to remain in existence throughout the Lease Term.

1.3.1.3. Lessee has been duly authorized to execute and deliver this Purchase Agreement by proper action by its Council, and has complied with all requirements and procedures which are necessary to ensure the validity and enforceability of this Purchase Agreement.

1.3.1.4. Lessee has complied, or will comply, with all public bidding requirements which apply to this Purchase Agreement and the acquisition by Lessee of the Property hereunder.

1.3.1.5. Lessee will comply with all applicable provisions of the Code, so that the interest component of Lease Payments will be excludable from gross income under the Code. Lessee specifically covenants that it will comply with the "arbitrage" provisions of Section 148 of the Code, and will pay any rebates due to the United States thereunder, and that it will use the Property so that this Purchase Agreement and the Obligations are not "private activity bonds" under Section 141 of the Code.

Article 2. Lease and Lease Payments

Section 2.1. Lease of Property.

2.1.1. Lessor hereby leases and sells to Lessee, and Lessee hereby leases and purchases from Lessor the Escrow Agent's interest in the Property in accordance with this Purchase Agreement.

Section 2.2. Lease Term.

2.2.1. The term of this Purchase Agreement shall commence on May 1, 1997 and shall terminate upon final payment as set forth in Appendix B, unless sooner terminated as provided herein.

Section 2.3. Payment of Lease Payments.

2.3.1. Lessee agrees to pay the sum of \$250,000 as the purchase price for the Property. The purchase price shall be paid in installments, with interest. The installment payments of the purchase price are described herein as the "principal components" of the Lease Payments. Interest accruing on the unpaid principal components is described herein as the "interest component" of the Lease Payments.

2.3.2. Lessee shall promptly pay the Lease Payments on the Payment Dates and in the amounts shown in Appendix B, in accordance with this Agreement and in the amounts shown in Appendix B, for the use and acquisition of the Property. The interest component payable on any Payment Date during the Lease Term shall consist of the interest accruing on each unpaid principal component (at the rates stated in Appendix B) from the most recent Payment Date to which interest has been paid in full (or, if no interest has been paid, since May 1, 1997). In addition, Lessee shall pay directly to Escrow Agent the fees of the Escrow Agent, and to the United States any rebates due under Section 148 of the Code on the gross proceeds of this Purchase Agreement and the Obligations.

2.3.3. The full faith and credit of the Lessee are hereby pledged to the payment of the Lease Payments. The Lessee shall use all taxing power available to it under the law which is necessary to generate funds sufficient to permit the Lessee to make Lease Payments, subject to

the limitations provided in Article XI, Section 11 and 11b of the Oregon Constitution and any limitations which may hereafter be imposed by law.

2.3.4. The Lessee agrees to transfer to the Escrow Agent for deposit in the Lease Payment Fund not less than 5 business days prior to each Payment Date, an amount equal to the Lease Payment due on such Payment Date. Such deposit shall be applied to the Lease Payment.

Section 2.4. Lease Payments to be Unconditional.

THE OBLIGATIONS OF LESSEE TO PAY THE LEASE PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION ANY DEFECTS OR FAILURES OF THE PROPERTY, AND ANY ACCIDENT, CONDEMNATION OR OTHER UNFORESEEN CIRCUMSTANCES.

Section 2.5. No Prepayment of Lease Payments.

2.5.1. Principal components of Lease Payments are not subject to prepayment.

Article 3. The Property

Section 3.1. Delivery, Installation and Acceptance of Property.

3.1.1. Lessee has acquired the Property, shall cause the Property to be used for a public purpose.

Section 3.2. Possession of Property.

3.2.1. Lessee shall be entitled to exclusive possession and enjoyment of the Property during the Lease Term, without interference from the Lessor, the Escrow Agent or the Owners.

Section 3.3. Title to the Property; No Lessor's Lien.

3.3.1. Title to the Property is vested in Lessee subject to the interest of the Lessor under this Lease Purchase Agreement. The Lessor shall have no lien on the Property by virtue of this Purchase Agreement or the transactions contemplated herein.

Section 3.4. Maintenance of Property.

3.4.1. Lessee shall have sole responsibility to maintain, repair or make improvements or additions to the Property.

Section 3.5. Liens, Taxes, Other Governmental Charges and Utility Charges.

3.5.1. The parties to this Purchase Agreement contemplate that the Property will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Property will be exempt from all property taxes. Nevertheless, if the use, possession or acquisition of the Property is determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Property. Lessee shall pay all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Property.

Section 3.6. Change of Property.

3.6.1. Lessee may amend the description of the Property which is contained in Appendix A by filing with the Lessor a written notice clearly specifying the amendment, together with either:

3.6.1.1. an opinion of nationally recognized bond counsel that the proposed change or substitution will not cause the interest components to be includable in taxable income under the Code, or

3.6.1.2. a certification by the Lessee that the changed or substituted property will be owned and operated exclusively by the Lessee, and not used by any person except the Lessee and members of the general public.

Article 4. Warranties

Section 4.1. Disclaimer of Warranties.

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

Section 4.2. Vendor's Warranties.

4.2.1. Lessor hereby assigns to Lessee whatever claims and rights (including, without limitation, warranties) which Lessor may have against any builder, manufacturer or suppliers of any component of the Property, or against the Vendor. Lessee's sole remedy for the breach of any warranty, indemnification or representation shall be against the Vendor of the Property, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no

representations or warranties whatsoever as to the existence or the availability of such warranties from the manufacturer or Vendor of the Property.

Article 5. Assignment and Subleasing.

Section 5.1. Assignment by Lessor.

5.1.1. All Lessor's rights, title and interest under this Purchase Agreement including without limitation its right to receive Lease Payments payable thereunder are hereby assigned to the Escrow Agent. Such rights, title and interest may be reassigned only to the Escrow Agent's successors under the Escrow Agreement, and to the Owners. Any assignment to or by an Owner shall not be effective until it is registered on the registration books kept by the Paying Agent.

Section 5.2. Assignment and Subleasing by Lessee.

5.2.1. None of Lessee's right, title and interest in, to and under this Purchase Agreement and in the Property may be assigned, sold, subleased or encumbered by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, and, if requested by Lessor or its assigns, an opinion of counsel satisfactory to Lessor or its assigns that such assignment, sale, subleasing or encumbering will not adversely affect the exemption of the interest components of the Lease Payments from federal income taxation.

Article 6. Default and Remedies

Section 6.1. Events of Default Defined.

6.1.1. Any of the following shall constitute an "Event of Default" under this Purchase Agreement:

6.1.1.1. Failure by Lessee to pay any Lease Payment or other payment when due;

6.1.1.2. Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within sixty days, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within sixty days and diligently pursued until the default is corrected; or

6.1.1.3. Any statement, representation or warranty made by Lessee in or pursuant to this Purchase Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made.

Section 6.2. Remedies on Default.

6.2.1. Whenever any Event of Default exists, Escrow Agent may (and subject to rights of remedy in Section 5.2.14 of the Escrow Agreement, shall upon written request of the Owners representing not less than 51% of the unpaid principal components of Lease Payments), Owners representing 51 percent or more of the Obligations, may, without any further demand or notice, take one or more of the following remedial steps:

6.2.1.1. Declare all the unpaid principal components of the Lease Payments immediately due and payable, together with interest accrued thereon to the date of payment;

6.2.1.2. exercise any other remedy available at law or in equity, except that the Property shall not be subject to foreclosure or attachment.

6.2.2. Whenever any Event of Default exists, Owners representing 51 percent or more of the unpaid principal components of lease Payments may appoint a commercial bank with a reported capital and surplus in excess of \$50 million as trustee to represent the interests of said Owners. The commercial bank, if any, so appointed, may, but is not required to, be the Lessor.

Section 6.3. No Remedy Exclusive.

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

Article 7. Miscellaneous

Section 7.1. Release and Indemnification Covenants.

7.1.1. To the extent permitted by law, Lessee shall indemnify, protect, hold harmless, save and keep Lessor harmless from and against any and all liability, obligation, loss, claim and damage whatsoever, regardless of cause thereof and all expenses in connection therewith, including, without limitation, counsel fees and expenses, (including fees due prior to trial, at trial and on appeal and in any bankruptcy or arbitration proceeding) penalties and interest arising out of or as the result of the entering into of this Lease Purchase Agreement or the Escrow Agreement, the ownership of any item of the Property, the ordering, acquisition, use, operation, installation, condition, purchase, delivery, rejection, storage or return of any item of the Property or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Property resulting in damage to property or injury to or death to any person. The indemnification arising under this paragraph shall continue in full force and effect

notwithstanding the full payment of all obligations under this Purchase Agreement or the termination of the Lease Term for any reason.

Section 7.2. Notices.

7.2.1. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties hereto at the following addresses (or at such other address as either party hereto shall designate in writing to the other for notices to such party):

Lessor: First Trust National Association
1000 S.W. Broadway, Suite 1750
Portland, Oregon 97205

Lessee: City of Troutdale
104 S.E. Kibling Avenue
Troutdale, Oregon 97060

Section 7.3. Binding Effect.

7.3.1. This Purchase Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 7.4. Severability.

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

Section 7.5. Amendments, Changes and Modifications.

7.5.1. This Purchase Agreement may be amended by Lessor and Lessee; provided that no amendment that affects the rights of the Owners shall be effective unless it shall have been consented to by the Owners of Obligations representing a majority of the unpaid principal components of the Lease Payments.

Section 7.6. Execution in Counterparts.

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

Section 7.7. Applicable Law.

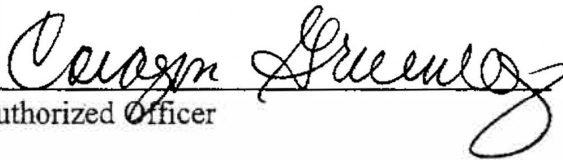
7.7.1. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

Section 7.8. Captions.

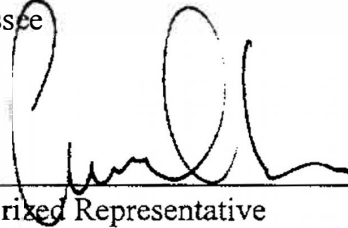
7.8.1. The captions or headings in this Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Purchase Agreement.

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

First Trust National Association, as Lessor


Authorized Officer

**City of Troutdale,
as Lessee**


Authorized Representative

Appendix A
to
Lease-Purchase Agreement
City of Troutdale
Full Faith and Credit Obligations
Series 1997

The Downtown Town Center
Parking Facility

Appendix B
to
Lease-Purchase Agreement
City of Troutdale
Full Faith and Credit Obligations
Series 1997

[to follow]

Exhibit B

ESCROW AGREEMENT

by and between

**First Trust National Association,
as Escrow Agent**

and

**City of Troutdale,
as Lessee**

dated as of May 1, 1997

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ESCROW AGREEMENT

This Escrow Agreement is dated May 1, 1997 and is entered into among First Trust National Association, acting in its capacity as Escrow Agent, as Lessor, and as Paying Agent, and City of Troutdale, Multnomah County, Oregon, as Lessee. In consideration of the mutual covenants contained herein, the parties agree as follows:

Article 1. Definitions and Recitals

Section 1.1. Definitions.

1.1.1. The capitalized terms which are used in this Escrow Agreement, but not defined herein, shall have the meanings defined for such terms in the Lease-Purchase Agreement which is dated May 1, 1997 between the Lessor and the Lessee (the "Purchase Agreement").

1.1.2. The following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

"Lease Payment Fund" means the fund of that name as described in Section 2.

"Paying Agent and Registrar" or "Paying Agent" means First Trust National Association, Portland, Oregon, acting in its capacity as Paying Agent and Registrar or a successor appointed by the Lessee.

"Payment Date" means _____ 1 and _____ 1 of each year commencing _____ 1, _____ and ending _____ 1, _____.

"Permitted Investments" means investments authorized by Oregon law.

"Property Costs" means all costs of the Property, and any costs associated with the Purchase Agreement, and the preparation and sale of the Obligations.

"Record Date" means the fifteenth day of the month prior to a Payment Date.

"Underwriter" means Strand Aktinson Williams & York Incorporated as the initial purchaser of the Obligations.

Section 1.2. Recitals.

1.2.1. Lessee and Lessor have entered into the Purchase Agreement, wherein Lessor has agreed to lease and sell the Property to the Lessee, and the Lessee has agreed to lease and purchase the Property from Lessor, as provided in the Purchase Agreement.

1.2.2. Under the Purchase Agreement, the Lessee is required to pay Lease Payments to the Lessor.

1.2.3. The Lessor hereby assigns all its rights and duties to the Lease Payments to the Escrow Agent pursuant to the Purchase Agreement. The Escrow Agent accepts the assignment and agrees to execute and deliver the Obligations to the Paying Agent; the Paying Agent will deliver the Obligations to their purchasers, who will provide the money to be disbursed by Lessor to the Lessee. The Paying Agent will distribute the Lease Payments to the Owners.

1.2.4. Each of the parties has authority to enter into this Escrow Agreement, and has taken all actions necessary to authorize its execution by the officers signing it. Neither the execution and delivery of this Escrow 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.

Article 2. Accounts and Deposits

Section 2.1. The 1994 Series A Lease Payment Fund.

2.1.1. The Underwriter shall pay the purchase price of the Obligations pursuant to its Memorandum of Delivery.

2.1.2. The Escrow Agent shall establish a special escrow fund designated as the City of Troutdale, Series 1997 Lease Payment Fund (the "Fund"). The Escrow Agent shall administer the Fund as provided in this Escrow Agreement.

2.1.3. Accrued interest from the sale of the Obligations shall be deposited in the Lease Payment Fund and applied toward payment of interest on the Obligations.

2.1.4. All Lease Payments and payments required by the Purchase Agreement shall be deposited in the Lease Payment Fund not less than five business days prior to a Payment Date. Interest earnings, if any, on the moneys in the Lease Payment Fund may be applied toward the next Lease Payment to be made by Lessee or paid directly to Lessee.

2.1.5. The moneys deposited in the Lease Payment Fund shall be applied by the Escrow Agent solely for the benefit of the Owners. Not later than each Payment Date the Escrow Agent shall transfer to the Paying Agent an amount equal to the Lease Payment due on the Payment Date, but solely from moneys on deposit in the Lease Payment Fund. The Paying Agent shall distribute the Lease Payments to the Owners entitled thereto. The moneys credited to the Lease Payment Fund shall not be commingled with any other moneys held by the Escrow Agent under this Agreement.

ARTICLE 3. The Obligations

Section 3.1. General Terms.

3.1.1. The Obligations shall be issued in an aggregate principal amount of \$250,000, and shall evidence ownership interests in specific principal components of the Lease Payments, plus interest accruing thereon.

3.1.2. Owners of Obligations will be entitled to receive a proportionate share of the principal component of Lease Payments, plus an amount of the interest component of each Lease Payment each Payment Date which is attributable to the interest accruing on that principal component.

3.1.3. The Obligations shall be dated May 1, 1997, shall represent principal components of Lease Payments due on _____ 1 of the following years in the following amounts, which accrue interest at the following rates per annum:

<i>Year (_____ 1)</i>	<i>Amount</i>
	\$

3.1.4. Obligations maturing on _____ 1, _____ are issued as Term Obligations subject to mandatory redemption by the Escrow Agent by lot in the amounts set forth below:

<i>Year (_____ 1)</i>	<i>Amount</i>
	\$

*

* Maturity

3.1.5. The Obligations shall entitle the Owners to receive interest from the most recent Payment Date to which interest has been paid in full or, if no interest has been paid, from _____. Interest on the Obligations shall be payable on the Payment Dates, which are _____ 1 and _____ 1 of each year, commencing on _____ 1, _____.

Section 3.2. Execution and Delivery of Obligations.

3.2.1. Upon request of the Lessee, the Paying Agent shall authenticate and deliver the Obligations in substantially the form shown in Exhibit A.

Section 3.3. Optional Redemption and Notice of Redemption.

3.3.1. The Lessee reserves the right to prepay Lease Payments and to the extent prepayments are received, the Escrow Agent shall redeem all or any portion of the Obligations then outstanding by lot within a maturity on _____ 1, ____ and on any Payment Date thereafter at par plus accrued interest to the date fixed for redemption.

3.3.2. Principal amounts paid to redeem Term Obligations by optional redemption will be applied to reduce the amount of Obligations subject to mandatory redemption, in order of the scheduled mandatory redemption.

Section 3.4. Notice of Redemption of Obligations (DTC).

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

Section 3.5. Notice of Redemption (No DTC).

3.5.1. During any period in which the Obligations are not in book-entry form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of obligations shall be given by the Paying Agent on behalf of the Lessee by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Obligation or Obligations to be redeemed at the address shown on the Obligation register or at such other address as is furnished in writing by such owner to the Paying Agent. The Lessee shall notify the Escrow Agent and Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

3.5.1.1 the redemption date.

3.5.1.2 the redemption price,

3.5.1.3 if less than all outstanding Obligations are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Obligations to be redeemed,

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

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

3.5.2. Prior to any redemption date, the Lessee shall deposit with the Escrow Agent an amount of money sufficient to pay the redemption price of all the Obligations or portions of Obligations which are to be redeemed on that date.

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

Section 3.6. Obligation Book-Entry-Form.

3.6.1. The Obligations shall be initially issued in book-entry-form, with no Obligations being made available to the Obligation owners. The Escrow Agent shall execute and deliver letters of representations to The Depository Trust Company, New York, New York ("DTC") for the Obligations, in form and substance satisfactory to DTC. So long as the Obligations are in book-entry form:

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

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

3.6.2. In the event DTC determines not to continue to act as securities depository for the Obligations, or the Lessee determines that DTC shall no longer so act; then the Lessee will discontinue maintaining the Obligations in the book-entry-form with DTC.

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

3.6.3.1 to any successor depository designated by the Lessee as provided below;

3.6.3.2 to any successor nominee designated by a depository; or

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

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

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

3.6.5.1 the accuracy of the records of DTC, the Nominee or any participant or correspondent with respect to any beneficial owner's interest in the Obligations;

3.6.5.2 the delivery to any participant or correspondent or any other person of any notice with respect to the Obligations, including any notice of prepayment;

3.6.5.3 the selection by DTC of the beneficial interest in Obligations to be redeemed prior to maturity; or

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

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

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

3.6.8. Upon delivery by DTC to the Paying Agent and to the owner of written notice to the effect that DTC has determined to substitute a new nominee in place of the nominee, then the word "nominee" in this Escrow Agreement shall refer to such new nominee of DTC. DTC shall tender the Obligations it holds to the Paying Agent for reregistration.

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

Section 3.7. Authentication, Registration and Transfer.

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

3.7.2. The ownership of all Obligations shall be entered in the obligation register maintained by the Paying Agent, and the Paying Agent may treat the person listed as owner in the obligation register as the owner of the Obligation for all purposes.

3.7.3. While the Obligations are in book-entry-form, the Paying Agent shall transfer Obligation principal and interest payments in the manner required by DTC.

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

3.7.5. Obligations may be exchanged for an equal principal amount of Obligations of the same maturity which are in different denominations, and Obligations may be transferred to other owners if the Obligation owner submits the following to the Paying Agent:

3.7.5.1 written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Obligation owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

3.7.5.2 the Obligations to be exchanged or transferred.

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

3.7.7. The Paying Agent shall note the date of authentication on each Obligation. The date of authentication shall be the date on which the Obligation owner's name is listed on the obligation register.

3.7.8. For purposes of this section, Obligations shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in subsection 3.7.5 of this section.

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

ARTICLE 4. Investments

Section 4.1. Funds Held in Trust.

4.1.1. The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in trust for the benefit of Lessor, the Lessee and the Owners, and for the purposes herein specified, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either the Lessor or the Lessee or any Owner, or any of them.

Section 4.2. Investment Procedures.

4.2.1. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent at the written direction or oral instruction promptly confirmed in writing of the Lessee. All deposits in the Lease Payment Fund shall be invested in Permitted Investments. Such investments shall be registered in the name of the Escrow Agent for the benefit of the Lessee and held by the Escrow Agent. The Escrow Agent may purchase or sell to

itself or any affiliate, as principal or agent, investments authorized by this section. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

Section 4.3. Sale of Investments.

4.3.1. The Escrow Agent shall without further direction from the Lessee sell such investments as and when required to make any payment from the account for which such investments are held. Any income received on such investments shall be credited to the respective account for which it is held, subject to any provision of this Escrow Agreement specifying any different credit or the transfer thereof to another Account or to the Lessee.

Section 4.4. Accounting, Liability and Surplus Money.

4.4.1. The Escrow Agent shall furnish to the Lessee an accounting of all investments. The Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this section. Upon termination of this Escrow Agreement surplus money in any account shall be paid to the Lessee.

ARTICLE 5. The Escrow Agent

Section 5.1. Compensation.

5.1.1. As sole compensation for its services hereunder, the Escrow Agent shall be entitled to receive fees in an amount agreed to by the Lessee and the Escrow Agent.

Section 5.2. Limitations on Duties of Escrow Agent.

The Escrow Agent hereby accepts the duties imposed upon it by this Escrow Agreement, and agrees to perform said duties as an ordinarily prudent escrow agent under an escrow agreement, but only upon and subject to the following express terms and conditions:

5.2.1. The Escrow Agent 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 Escrow Agent may act upon the opinion or advice of any attorney, approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith or reliance upon such opinion or advice.

5.2.2. Except for its signature on the Obligations, the Escrow Agent shall not be responsible: (i) for any recital herein or in the Obligations, (ii) for the validity, priority, recording or re-recording, filing or refiling of this Escrow Agreement or any lease or other instrument, (iii) for insuring the Property or affecting any insurance moneys, (iv) for the validity of the execution by the Lessee of this Escrow Agreement or of any supplements thereto or

instruments of further assurance, (v) for the sufficiency of the security for the Lease Payments, or (vi) for the value or title of the Property or as to the maintenance of the security hereof. The Escrow Agent 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 Lessee under any lease or other instrument under which the Property is operated, except as herein set forth; but the Escrow Agent may require of the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed.

5.2.3. The Escrow Agent shall only be responsible for the safekeeping and investment of the money held in the Lease Payment Fund and the payment thereof.

5.2.4. The Escrow Agent shall not be accountable for the use of any Obligations delivered hereunder. The Escrow Agent may become the Registered Owner of Obligations secured hereby with the same rights which it would have if not Escrow Agent.

5.2.5. The Escrow Agent shall be protected in acting upon any notice, request, consent, obligation, 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 Escrow Agent pursuant to this Escrow 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 Obligations, shall be conclusive and binding upon all future Owners of the same Obligation and upon Obligations issued in exchange therefor or in place thereof.

5.2.6. As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Agent shall be entitled to rely upon a obligation signed on behalf of the Lessee by an authorized officer thereof as sufficient evidence of the facts therein contained, and shall also be at liberty to accept a similar obligation to the effect that any particular dealing, transaction or action is necessary or expedient. The Escrow Agent may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Escrow Agent 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 Lessee, as conclusive evidence that such legislation or other action has been adopted and is in full force and effect.

5.2.7. The permissive right of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as a duty and the Escrow Agent shall not be answerable for other than its negligence or willful default.

5.2.8. At any time and all reasonable times the Escrow Agent, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Property, including all books, papers and records of the Lessee pertaining to the Property, the Purchase Agreement and the Obligations, and to take such memoranda from and in regard thereto as may be desired.

5.2.9. The Escrow Agent shall not be required to give any bond or surety in respect of the execution of the said trusts and powers.

5.2.10. All moneys received by the Escrow Agent 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.

5.2.11. The Escrow Agent 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.

5.2.12. The Escrow Agent may, at any time, permit any Owner or the Lessor to inspect any document filed with the Escrow Agent under the terms of this Escrow Agreement.

5.2.13. The Escrow Agent shall be indemnified by the Lessee and held harmless against any loss, liability or expense incurred without negligence or bad faith on the part of the Escrow Agent, arising out of or in connection with the acceptance or administration of this trust, including the cost and expenses of defending itself against any claim or liability arising out of the Property.

5.2.14. Before taking action under Section 8, the Escrow Agent may require that a satisfactory indemnity bond be furnished by Owners of the Obligations 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 by reason of any action so taken.

Section 5.3. Substitution of Escrow Agent.

5.3.1. A state bank organized under the laws of the State of Oregon or a national banking association located in Oregon, having a reported capital and surplus of not less than \$50,000,000, may be substituted to act as Escrow Agent under this Escrow Agreement, upon the Lessee giving the Escrow Agent 60 days notice or upon written request of the Owners of sixty-six and two-thirds percent (66-2/3%) in aggregate dollar amount of all Obligations then outstanding. Such substitution shall not be deemed to affect the rights or obligations of the Owners. Upon any such substitution the Escrow Agent agrees to assign to such substitute Escrow Agent its rights and delegate its duties under this Escrow Agreement.

Section 5.4. Successor Escrow Agent by Merger, Consolidation, Transfer or Sale.

5.4.1. Should the Escrow Agent consolidate, merge with, transfer or sell substantially all of its corporate trust business to any bank or banks, trust company or other banking institution, such consolidation, merger, transfer or sale shall in no way affect the rights of the parties hereto, or the holders of any of the Obligations, and such succeeding corporation shall be the Escrow Agent under the Escrow Agreement and Lease Agreement, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Escrow Agreement to the contrary notwithstanding. The Successor Escrow Agent shall become the Paying Agent and Registrar.

Section 5.5. Resignation of Escrow Agent.

5.5.1. The Escrow Agent 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 Escrow Agent shall have been or are approved by the Owners of sixty-six and two-thirds percent (66-2/3%) in aggregate dollar amount of the Obligations then outstanding. The Escrow Agent may be removed by the Owners of sixty-six and two-thirds percent (66-2/3%) in aggregate dollar amount of the Obligations then outstanding.

Section 5.6. Agents.

5.6.1. The Escrow Agent may appoint an agent to exercise any of the powers, rights or remedies granted to the Escrow Agent under this Escrow Agreement.

ARTICLE 6. Assignment

Section 6.1. General Limitation.

6.1.1. Except as specifically provided herein, the rights and duties of each of the parties under this Escrow 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 7. Amendments

Section 7.1. Requirements for Amendment.

7.1.1. This Escrow Agreement may be amended with the consent of the Lessee and without the consent of the Owners, but only to cure any ambiguity, correct defects in the Escrow Agreement, or to make any other change which, in the judgment of the Lessor and the Escrow Agent, does not adversely affect the interests of the Owners.

7.1.2. This Escrow Agreement may be amended in writing for any other purpose by agreement among all of the parties, but

7.1.2.1 no such amendment shall become effective until approved by the Owners of Obligations representing a majority of the unpaid principal components of Lease Payments; and

7.1.2.2 no such amendment shall impair the right of any Owner to receive the proportionate share of any Lease Payment in accordance with the Owner's Obligation.

ARTICLE 8. Covenants; Default; Exercise of Rights and Agreement; Notices

Section 8.1. Covenants of Lessor.

8.1.1. The Lessor covenants and agrees with the Owners of the Obligations, to perform all obligations and duties imposed on it under the Purchase Agreement; and to enforce such Purchase Agreement against Lessee in accordance with its terms.

Section 8.2. Covenants of Escrow Agent.

8.2.1. Escrow Agent, as assignee of certain of Lessor's obligations and duties under the Purchase Agreement, covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Purchase Agreement; and to enforce the Purchase Agreement against Lessee in accordance with its terms.

Section 8.3. Notice of Nonpayment.

8.3.1. If the Escrow Agent does not receive sufficient moneys for the payment of any Lease Payment on the date and time the Lease Payments are due in accordance with the Purchase Agreement, the Escrow Agent shall immediately give oral and written notice of this fact to the Lessee and Lessor.

Section 8.4. Escrow Agent's Action on Event of Default.

8.4.1. Upon the occurrence of an Event of Default, the Owners representing 51% or more of the unpaid principal components of unpaid lease Payments, may request the Escrow Agent to take all actions necessary to eliminate such default and to receive damages therefore. The Escrow Agent shall be under no obligation to take such actions. If the Escrow Agent does not take such actions, said owners may take such actions in their own behalf or may appoint a commercial bank meeting the requirements set forth in Section 7.2 of the Purchase Agreement to take such action on behalf of all Owners.

Section 8.5. Distribution of Delinquent Lease Payments.

8.5.1. Escrow Agent shall transfer to the Paying Agent, and the Paying Agent shall distribute pro rata to all Owners according to their ownership of total outstanding principal components of Lease Payments any interest paid by Lessee on delinquent Lease Payments.

ARTICLE 9. Limitation of Liability

Section 9.1. Lessee's Liability Limited to Payment of Lease Payments.

9.1.1. Except for the payment of Lease Payments when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Lessee contained in the Purchase Agreement, the Lessee shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow

Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Lease Payments to the Owners by the Paying Agent.

Section 9.2. Lessor and Lessee Not Liable for Performance of Escrow Agent.

9.2.1. Neither the Lessee nor Lessor shall have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 9.3. Lessor and Escrow Agent Not Liable for Lease Payments.

9.3.1. Except as provided in this Escrow Agreement, neither Lessor nor the Escrow Agent shall have any obligation or liability to the Owners of the Obligations with respect to the payment of the Lease Payments by the Lessee or any other covenant made by it in the Purchase Agreement.

Section 9.4. General Limitation on Liability of Escrow Agent.

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

9.4.2. The Escrow Agent shall not be responsible for the sufficiency of the security for the Obligations executed and delivered hereunder or intended to be secured hereby, or the value of or title to the Property. The Escrow Agent 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 Escrow Agreement.

Section 9.5. Escrow Agent May Require Opinion of Counsel.

9.5.1. Before being required to take any action, Escrow Agent may require an opinion of counsel acceptable to Escrow Agent, which counsel may be counsel to any of the parties hereto, or a verified obligation of any party hereto, or both, concerning the proposed action. If it does so in good faith, Escrow Agent shall be absolutely protected in relying thereon.

ARTICLE 10. Administrative Provisions

Section 10.1. Termination.

10.1.1. Upon payment of all outstanding Obligations, either at or before maturity, or upon defeasance pursuant to Section 5.1 of the Purchase Agreement, the Lessee's duties and

obligations hereunder will terminate. This Escrow Agreement will be terminated as to the duties and obligations of the Escrow Agent and Lessor upon the payment of the Obligations.

Section 10.2. Records.

10.2.1. The Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the Lessee and the Lessor, or any Registered Owner, or the agent of any of them, at any time during regular business hours.

Section 10.3. Notices.

10.3.1. Unless a party provides written notification that a different address shall be used, all written notices to be given under this Escrow Agreement shall be given by mail to the party entitled thereto at the following addresses:

Lessee: City of Troutdale
104 S.E. Kibling Avenue
Troutdale, Oregon 97060

Lessor and Escrow Agent: First Trust National Association
1000 S.W. Broadway, Suite 1750
Portland, Oregon 97205

10.3.2. 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.

Section 10.4. Governing Law.

10.4.1. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon.

Section 10.5. Severability.

10.5.1. Any provision of this Escrow 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 Escrow Agreement.

Section 10.6. Survival.

10.6.1. This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Section 10.7. Counterparts.

10.7.1. This Escrow 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 Escrow Agreement as of the date and year first written above.

First Trust National Association,
as Escrow Agent and Lessor

Authorized Representative

City of Troutdale, as Lessee

Finance Director

EXHIBIT A
(FORM OF OBLIGATION)

No. R- _____

\$3000,000

FULL FAITH AND CREDIT OBLIGATIONS
Series 1997

Evidencing a Proportionate Interest of the Owner
Hereof in Certain Lease Payments to be Made
Under a Lease-Purchase Agreement between

**City of Troutdale
Multnomah County, Oregon, as Lessee**

and

First Trust National Association, as Lessor

Dated Date: May 1, 1997
Principal Component Interest Rate: _____
Principal Component Maturity Date: _____
CUSIP Number: _____
Registered Owner: -----CEDE & CO.-----
Principal Amount: _____

This Obligation is executed and delivered by First Trust National Association, pursuant to an Escrow Agreement, dated as of May 1, 1997 between First Trust National Association as Escrow Agent and City of Troutdale, Multnomah County, Oregon, as Lessee. Lessor and Lessee have entered into a Lease-Purchase Agreement, dated as of May 1, 1997 (the "Purchase Agreement"), pursuant to which Lessee is legally required to make lease payments (the "Lease Payments"). Lessor has assigned to Escrow Agent all of its right, title and interest in the Lease Payments for the benefit of the Owners of the Obligations under the Escrow Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

This Obligation is entitled proportionately to receipt of the principal component of Lease Payments in the amount set forth as Principal Amount above due on the Principal Component Maturity Date set forth above and is entitled proportionately to receipt of an amount of the interest component of Lease Payments each Lease Payment Date attributable to the interest accruing on said principal component at the Principal Component Interest Rate set forth above.

First Trust National Association, in Portland, Oregon, as the paying agent and registrar (the "Registrar"), shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Maturity Date together with interest thereon from the Dated Date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the Lessee pursuant to the Purchase Agreement and Escrow Agreement. Interest is payable on _____ 1 and _____ 1 of each year until maturity or prior redemption, commencing on _____ 1, _____ (the "Payment Date"). The principal component and interest on this Obligation shall be received by Cede & Co., as nominee of The Depository Trust Company, or its registered assigns, on each Payment Date or redemption date (or the next business day if the Payment Date or redemption date is not a business day) as of the fifteenth day of the month preceding the Payment Date. The final Obligation principal is payable at maturity.

This Obligation is one of the Full Faith and Credit Obligations, Series 1997 (the "Obligations"), being executed and delivered in the aggregate principal amount of \$250,000. The Lessee is authorized to enter into the Purchase Agreement and the Escrow Agreement by Resolution No. _____ of its Board of Directors adopted on April 8, 1997.

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

Should the book-entry only security system be discontinued, the Obligations shall be issued in the form of registered Obligations without coupons in the denominations of \$5,000 or any integral multiple thereof. Such Obligations may be exchanged for Obligations of the same aggregate principal amount, interest rate and maturity date, but different authorized denominations, as provided in the Escrow Agreement.

The Obligations maturing in the years _____ through _____, inclusive, are not subject to redemption prior to maturity. The Escrow Agent may redeem all or any portion of the Obligations maturing on or after _____, _____ to the extent Lease Payments have been prepaid, by lot within a maturity on _____, _____ and any Payment Date thereafter at par plus accrued interest to the date fixed for redemption.

The Obligations maturing on _____, 1, _____, are subject to mandatory redemption, by lot, at the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, on December 1 of the following years and in the following amounts:

<i>Year</i>	<i>Amount</i>
	\$

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Letter of Representations to The Depository Trust Company, as referenced in the Escrow Agreement. Interest on any Obligation or Obligations so called for redemption shall cease on the redemption date designated in the notice. The Registrar will notify The Depository Trust Company promptly of any Obligations called for redemption. If the book-entry-only system is discontinued, notice of redemption shall be published as provided by law and shall be given by registered or certified mail not less than thirty days nor more than sixty days prior to the date fixed for redemption to the Registered Owner of each Obligation to be redeemed at the address shown on the registration books of the County; however, any failure to give notice shall not invalidate the redemption of the Obligations. All Obligations called for redemption shall cease to bear interest from the date designated in the notice.

Any transfer of this Obligation must be registered, as provided in the Escrow Agreement, upon the obligation register kept for that purpose by the Registrar. This Obligation may be registered only by surrendering it, together with a written instrument of transfer which is satisfactory to the Registrar and which is executed by the Registered Owner or duly authorized attorney. Upon registration, a new registered Obligation or Obligations, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Escrow Agreement. The Escrow Agent and the Registrar may treat the person in whose name this Obligation is registered on the obligation register as its absolute owner for all purposes, as provided in the Escrow Agreement.

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

The Lease Payments are payable from the general revenues of the Lessee and other funds which may be available for that purpose, including taxes levied within the restrictions of Article XI, Sections 11 and 11b of the Constitution of the State of Oregon. The obligation of the Lessee to make Lease Payments is a full faith and credit obligation of the Lessee. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST ON THE PROPERTY FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The Registered Owner of this Obligation shall have no right to enforce the Purchase Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Purchase Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Escrow Agreement. Modifications of this Obligation, the Escrow Agreement and the Purchase Agreement may be made only to the extent and in the circumstances permitted in the Escrow Agreement and the Purchase Agreement.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the execution and delivery of this Obligation have existed, have happened, and have been performed in due time, form and manner.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by facsimile signature of an authorized officer as of the date set forth above.

First Trust National Association, as Escrow Agent

Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

OBLIGATION OF AUTHENTICATION

This is one of the Full Faith and Credit Obligations, Series 1997 in the Lease Payments due under the Purchase Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

Date of Authentication: _____

_____, as Registrar

Authorized Officer

ASSIGNMENT

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

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

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

Dated: _____

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

NOTICE: Signature(s) must be guaranteed by a member of _____ Signature Guaranteed
the New York Stock Exchange or a commercial bank or trust _____
company (Bank, Trust Company or Brokerage Firm)

Authorized Officer

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

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

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

