

May 21, 2003

Ladies and Gentlemen:

**Re: Oregon Community College Districts Limited Tax Pension Obligations,
Series 2003; \$73,067,299.60 Series 2003 A and \$80,515,000 Series 2003 B;
Our File No. 48806-00001**

We are pleased to enclose for your records a transcript of the documents prepared and executed in connection with the above-referenced financing.

On behalf of our Attorneys and Paralegals, we wish to take this opportunity to thank all participants for their contribution in making the closing of this issue a success. We have enjoyed working with each of you on this issue and look forward to the next time.

Sincerely,
Preston Gates & Ellis



Sarrah Campbell
Project Coordinator

Enclosure (s)

TRANSCRIPT INDEX

**OREGON COMMUNITY COLLEGE DISTRICTS
LIMITED TAX PENSION OBLIGATIONS, SERIES 2003
(Federally Taxable)**

\$73,067,299.60	\$80,515,000
Series 2003 A	Series 2003 B
(Deferred Interest Obligations)	(Current Interest Obligations)

Dated Date and Delivery Date (Series 2003 A): April 23, 2003

Dated Date and Delivery Date (Series 2003 B): April 23, 2003

1. Distribution List.
2. Transcript Certification.
3. Trust Agreement, dated as of April 23, 2003.
4. Intercept Agreement, dated as of April 23, 2003 executed by Wells Fargo Bank Northwest, National Association, the Issuers and the Agency.
5. Obligation Purchase Agreement.
6. Certificate of State Treasurer; MDAC Form 1 – Notice of Bond Sale and MDAC Form 2 – Results of Bond Sale.
7. Preliminary Official Statement dated March 28, 2003.
8. Official Statement dated April 10, 2003.
9. Copy of Series 2003 A Obligation No. R-1.
10. Copy of Series 2003 B Obligation No. R-1.
11. Copy of Municipal Bond Insurance Policy No. 03010499.
12. Copy of Blanket Issuer Letter of Representations to DTC, dated April 15, 2003.
13. Paying Agent and Registrar's Authorization to Execute Documents.
14. Trustee's Continuing Disclosure Certificate.
15. Certificate of Trustee and Receipt for Pension Bonds.
16. Receipt for and Acceptance of Obligations; Receipt for Insurance Policy.
17. Receipt for Obligation Proceeds.
18. Acknowledgment of Delivery of Obligations.
19. Rating letter from Standard & Poor's Rating Group.
20. Copy of Commitment for Municipal Bond Insurance dated March 31, 2003.
21. Financial Advisor letters of The Charles Carter Company.
22. Legal Opinion of Bond Counsel (Preston Gates & Ellis LLP) and Reliance Letter.
23. Supplemental Opinion of Bond Counsel (Preston Gates & Ellis LLP).

24. Opinion of Underwriters' Counsel (Orrick, Herrington & Sutcliffe LLP).
25. Opinion of Trustee's Counsel (David L. Blackner, Esq.).
26. Opinions of Insurer's Counsel.
27. Closing Memorandum.

Central Oregon Community College District (the "District")

28. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
29. General Certificate.
30. Continuing Disclosure Certificate.
31. Bond Purchase Agreement (including Standard Terms for Sale).
32. Copy of Limited Tax Pension Bond.
33. Internal Revenue Service Form 8281.
34. Memorandum of Closing.

Chemeketa Community College District (the "District")

35. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
36. General Certificate.
37. Continuing Disclosure Certificate.
38. Bond Purchase Agreement (including Standard Terms for Sale).
39. Copy of Limited Tax Pension Bond.
40. Internal Revenue Service Form 8281.
41. Memorandum of Closing.

Columbia Gorge Community College District (the "District")

42. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
43. General Certificate.
44. Continuing Disclosure Certificate.
45. Bond Purchase Agreement (including Standard Terms for Sale).
46. Copy of Limited Tax Pension Bond.
47. Internal Revenue Service Form 8281.
48. Memorandum of Closing.

Lane Community College District (the "District")

49. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
50. General Certificate.
51. Continuing Disclosure Certificate.
52. Bond Purchase Agreement (including Standard Terms for Sale).
53. Copy of Limited Tax Pension Bond.
54. Internal Revenue Service Form 8281.
55. Memorandum of Closing.

Mt. Hood Community College District (the "District")

56. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
57. General Certificate.
58. Designation of Authorized Representative.
59. Continuing Disclosure Certificate.
60. Bond Purchase Agreement (including Standard Terms for Sale).
61. Copy of Limited Tax Pension Bond.
62. Internal Revenue Service Form 8281.
63. Memorandum of Closing.

Treasure Valley Community College District (the "District")

64. Resolution Authorizing Issuance of Limited Tax Pension Bonds.
65. General Certificate.
66. Continuing Disclosure Certificate.
67. Bond Purchase Agreement (including Standard Terms for Sale).
68. Copy of Limited Tax Pension Bond.
69. Internal Revenue Service Form 8281.
70. Memorandum of Closing.

DISTRIBUTION LIST

OREGON COMMUNITY COLLEGE DISTRICTS LIMITED TAX PENSION OBLIGATIONS, SERIES 2003 (FEDERALLY TAXABLE)

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TRANSCRIPT CERTIFICATION

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

\$73,067,299.60
Series 2003A
(Deferred Interest Obligations)

\$80,515,000
Series 2003B
(Current Interest Obligations)

On behalf of Wells Fargo Bank Northwest, National Association, the issuer of the above-captioned obligations, I hereby certify that the attached documents are originals or true copies of the documents which were assembled at the closing of the captioned bonds, which closing was held on April 23, 2003, at the offices of Preston Gates & Ellis LLP, Bond Counsel, in Portland, Oregon.

Dated as of the 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**



Alice Garrett, Vice President

TRUST AGREEMENT

by and between

Wells Fargo Bank Northwest, National Association

as Series 2003 Trustee

and

**the Issuers of the
Limited Tax Pension Bonds
Described in the Attached Exhibit D**

Dated April 23, 2003

Relating To The

**Oregon Community College Districts Limited Tax Pension Obligations
Series 2003
(Federally Taxable)**

**\$73,067,299.60
Series 2003 A
(Deferred Interest Obligations)**

**\$80,515,000
Series 2003 B
(Current Interest Obligations)**

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Exhibit A: Maturity Schedule

Exhibit B: Prepayment Provisions

Exhibit C: Form of Obligations (Series 2003 A and Series 2003 B)

Exhibit D: List Series 2003 Issuers of Series 2003 Pension Bonds and Maturity Schedules for Each Series 2003 Pension Bond

Exhibit E: Payments from Proceeds Account

Exhibit F: Series 2003 Trustee's Continuing Disclosure Certificate

TRUST AGREEMENT

THIS TRUST AGREEMENT is dated April 23, 2003, is entered into by and between WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association having a corporate trust office in Portland, Oregon, as the Series 2003 Trustee, and the issuers of the Series 2003 Pension Bonds described in the attached Exhibit D (the "Series 2003 Issuers").

WITNESSETH

WHEREAS, Oregon community college districts are authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds to finance their pension liabilities; and

WHEREAS, the Series 2003 Issuers have agreed to sell bonds issued under the Act to the Series 2003 Trustee, and the Series 2003 Trustee has agreed to issue its Limited Tax Pension Obligations, Series 2003 (Federally Taxable) (the "Obligations") which represent the right to receive payments due under those Series 2003 Pension Bonds; and

WHEREAS, the Obligations are expected to be paid from State Education Revenues, and the Series 2003 Issuers have therefore agreed, as provided in Section 14.1 to take or not to omit to take any actions which are necessary for the Series 2003 Issuers to be entitled to receive State Education Revenues;

NOW, THEREFORE, the parties enter into this Series 2003 Trust Agreement to provide for the issuance and payment of the Obligations.

ARTICLE 1. DEFINITIONS; PLEDGE

Section 1.1 Definitions.

Capitalized terms used in this Series 2003 Trust Agreement shall have the following meanings, unless the context clearly requires otherwise:

"Additional Charges" means (1) with respect to each Series 2003 Issuer (a) such issuer's allocable share of administrative costs relating to this Series 2003 Trust Agreement, including, without limiting the generality of the foregoing, fees, expenses, compensation (including reasonable attorneys' fees), compensation of any paying agent, fees and charges of auditors, accountants and attorneys, and all other reasonable and necessary administrative costs required to be paid in order to comply with the terms of this Series 2003 Trust Agreement; and, (b) such issuer's costs and expenses which the Series 2003 Trustee may incur because of any default by such Series 2003 Issuer under a Series 2003 Pension Bond or any Event of Default, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Agreement; and (2) with respect to all Series 2003 Issuers, all of the costs in (a) and (b).

"Agency" means the Oregon Department of Community Colleges and Workforce Development, a state agency of the State of Oregon, or any successor agency charged with distributing State Education Revenues.

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Series 2003 Trustee is authorized by law to remain closed.

“Closing Date” means the date on which Closing occurs.

“Closing” means the delivery of the Obligations to the Underwriters in exchange for payment in accordance with Section 2.1.2 of this Series 2003 Trust Agreement.

“Defeasance Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“DTC” means The Depository Trust Company of New York, the initial securities depository for the Obligations.

“Event of Default” has the meaning defined for that term in Section 9.1 of this Series 2003 Trust Agreement.

“Fiscal Year” means each year beginning on July 1, and ending on the following June 30.

“Interest” means accrued interest on a bond or obligation which is not a deferred interest bond or obligation, and accreted interest on a deferred interest bond or obligation.

“Intercept Agreement” means the agreement by and among the Series 2003 Trustee, the Series 2003 Issuers and the Agency or any successor parties, dated as of April 23, 2003.

“Intercept Payments” means State Education Revenues transferred by the Agency to the Series 2003 Trustee to pay principal, interest and any premium on Pension Bonds pursuant to Section 3.1 of the Intercept Agreement.

“Obligation Account” means the Obligation Account established within the Trust Fund pursuant to Section 3.3 below.

“Obligation Insurance Policy” means the municipal bond insurance policy issued by the Obligation Insurer that guarantees the payment of the principal of and interest on the Obligations.

“Obligation Insurer” means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

“Obligations” means, collectively, the Series 2003 A Obligations and the Series 2003 B Obligations described in Exhibit A to this Series 2003 Trust Agreement.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Series 2003 Trustee and registered and delivered by the Series 2003 Trustee under this Series 2003 Trust Agreement except:

(i) Obligations theretofore canceled by the Series 2003 Trustee or surrendered to the Series 2003 Trustee for cancellation; and,

(ii) Obligations which are defeased in accordance with Section 14.2.

“Owner” means the person in whose name an Obligation is registered on the registration books maintained by the Series 2003 Trustee.

“Paying Agent” means Wells Fargo Bank Northwest, National Association, or its successors and assigns, the paying agent and registrar for the Obligations.

“Payment Date” means the date upon which any Pension Bond Payment is due and payable, as provided in Exhibit D to this Series 2003 Trust Agreement. Those dates are also the dates on which principal and interest is payable on the Obligations as provided in Exhibit A to this Series 2003 Trust Agreement.

“Pension Bond Default” means an Event of Default as defined in the Resolution of each Series 2003 Issuer authorizing the Series 2003 Pension Bonds.

“Pension Bond Payments” mean the principal and interest payments, and premium, if any, due under the Series 2003 Pension Bonds. The Pension Bond Payments for each Series 2003 Pension Bond are shown in the attached Exhibit D.

“Permitted Investments” means the Oregon Local Government Investment Pool or investments rated BBB- or higher by Standard & Poor’s provided such investments are permitted investments for an Oregon community college district by Oregon law and such Series 2003 Issuer’s investment policies; provided the Series 2003 Trustee shall not invest in instruments which mature later than the next applicable Payment Date.

“Prepayment Account” means the Prepayment Account established within the Trust Fund pursuant to Section 3.6 below.

“Principal” means the stated principal amount of a bond or obligation which is not a deferred interest bond or obligation, and the original principal amount of a deferred interest bond or obligation.

“Proceeds Account” means the Proceeds Account established within the Trust Fund pursuant to Section 3.2 below.

“Program” means the Oregon Community College Association’s pooled Series 2003 Pension Bond program for community college districts.

“Record Date” means the fifteenth day of a month in which a Payment Date occurs, whether or not such date is a Business Day.

“Resolution” means the resolution of each Series 2003 Issuer authorizing its Series 2003 Pension Bonds.

“Security Payments” means the monthly payments that the Series 2003 Issuers are scheduled to make from September through May of each Fiscal Year in amounts which equal approximately 1/9th of the debt service on the Pension Bonds for each Fiscal Year. Intercept Payments received by the Trustee and any investment earnings are credited against the obligation to make Security Payments as described in Section 3.1 of the Intercept Agreement and in this Series 2003 Trust Agreement.

“Series 2003 Issuers” means those Oregon community college districts shown in Exhibit D to this Series 2003 Trust Agreement.

“Series 2003 Pension Bonds” means the limited tax Series 2003 Pension Bonds described in the attached Exhibit D.

“Series 2003 Trust Agreement” means this Series 2003 Trust Agreement, as it may be amended and supplemented.

“Series 2003 Trustee” means Wells Fargo Bank Northwest, National Association, acting through its corporate trust office in Portland, Oregon, and any successor Series 2003 Trustee.

“Special Counsel” means Preston Gates & Ellis LLP, or other nationally recognized bond counsel appointed at the request of the Series 2003 Issuers of 51% or more of the Principal amount of Series 2003 Pension Bonds which are then Outstanding.

“Sponsor” means the Oregon Community College Association, the sponsor of the Program.

“State Education Revenues” means any state funding for community college districts legally available to pay debt service on the Series 2003 Pension Bonds.

“Trust Estate” means all of the rights, title and interest of the Series 2003 Issuers and the Series 2003 Trustee in and to the Series 2003 Pension Bonds and to all funds held by the Series 2003 Trustee hereunder (including proceeds of the Obligations and any investment income therefrom), excepting only the right of the Series 2003 Trustee to the Additional Charges and indemnification.

“Trust Fund” means the Series 2003 Trust Fund established pursuant to Article 3 below.

“Underwriters” means Seattle-Northwest Securities Corporation as senior managing underwriter and as representative of Citigroup Global Markets, Inc., as co-managing underwriter.

Section 1.2 Pledge.

The Series 2003 Issuers and the Series 2003 Trustee hereby pledge, assign and transfer all of their rights in and to the Trust Estate in trust for the benefit of the Owners, for distribution as provided in this Series 2003 Trust Agreement.

ARTICLE 2. THE OBLIGATIONS

Section 2.1 Authorization, Delivery and Terms of the Obligations.

2.1.1 The Series 2003 Trustee is hereby authorized and directed to prepare and execute the Obligations in the aggregate principal amount shown on the attached Exhibit A. The Series 2003 Trustee agrees to transfer Pension Bond Payments to the Owners of the Obligations as provided in this Series 2003 Trust Agreement.

2.1.2 The Series 2003 Trustee shall deliver the Obligations to the order of the Underwriters when the Underwriters deposit the proceeds of the sale of the Obligations with the Series 2003 Trustee.

2.1.3 The Obligations shall be dated April 23, 2003 and shall represent the right to receive a proportionate share of the Pension Bond Payments shown on the attached Exhibit A.

Section 2.2 Payment of Obligations.

2.2.1 Each Obligation represents an ownership interest in and a right to receive:

(A) a portion of the sum of all Principal components of Pension Bond Payments (based on the Principal amount of that Obligation) which are due on the maturity date of that Obligation, whether that Principal component is paid at maturity or is prepaid prior to maturity; and

(B) the Interest components of the Pension Bond Payments which are allocable to the Principal component of the Pension Bond Payments described in Section 2.2.1(A).

Section 2.3 Execution.

The Obligations shall be substantially in the form attached to this Series 2003 Trust Agreement as Exhibit C, and shall be executed or authenticated by a manual signature of an authorized officer of the Series 2003 Trustee. Only Obligations properly executed by the Series 2003 Trustee under this Series 2003 Trust Agreement shall be valid for any purpose or entitled to the benefits of this Series 2003 Trust Agreement.

Section 2.4 Prepayment.

2.4.1 The Obligations are not subject to optional prepayment prior to maturity.

2.4.2 The Series 2003 B Obligations are subject to mandatory prepayment from Series 2003 Pension Bond prepayments as provided in Exhibit B.

Section 2.5 Selection of Obligations for Prepayment.

If the Series 2003 B Obligations maturing in 2028 are in book-entry form at the time of mandatory prepayment, the Series 2003 Trustee will direct DTC to instruct the DTC Participants to select such Series 2003 B Obligations for prepayment *pro rata* among all Owners of the maturity being prepaid. Neither the Series 2003 Issuers nor the Series 2003 Trustee will have responsibility to insure that DTC or its participants properly select such Series 2003 B Obligations for prepayment. If the Series 2003 B Obligations maturing in 2028 are not then in book-entry form at the time of mandatory prepayment, the Series 2003 Trustee shall select such Series 2003 B Obligations for prepayment in \$5,000 increments, *pro rata* among Owners to the greatest extent practicable.

**ARTICLE 3.
THE TRUST FUND**

Section 3.1 Trust Fund.

The Series 2003 Trustee shall establish a special fund designated as the "Series 2003 Community College Pension Obligation Trust Fund," which is referred to in this Series 2003 Trust Agreement as the "Trust Fund." The Series 2003 Trustee shall keep the Trust Fund separate and apart from all other funds and moneys held by it and shall administer and maintain the Trust Fund as provided in this Series 2003 Trust Agreement.

Section 3.2 Proceeds Account.

3.2.1 The Series 2003 Trustee shall establish a separate account within the Trust Fund to be designated the "Proceeds Account," and shall also establish a separate subaccount in the Proceeds Account for each Series 2003 Issuer. The proceeds from the sale of the Obligations, net of any contingency pursuant to Section 3.5 below, shall be credited to the Proceeds Account, and allocated to each Series 2003 Issuer's subaccount in the amounts and pursuant to the instructions delivered to the Series 2003 Trustee at Closing. Money in the Proceeds Account shall be used only to pay the pension liabilities of Series 2003 Issuers to the Oregon Public Employees Retirement System and to pay costs of issuance pursuant to the schedule attached as Exhibit E. Between Closing and the date such payments are made, the Series 2003 Trustee shall invest money in the Proceeds Account in Permitted Investments pursuant to Article 4 below. Amounts in a Series 2003 Issuer's subaccount shall not be used to pay the pension liabilities or costs of issuance of another Series 2003 Issuer.

3.2.2 Any surplus remaining in a Series 2003 Issuer's subaccount of the Proceeds Account after payment of such Series 2003 Issuer's pension liability and costs of issuance shall be transferred by the Series 2003 Trustee to that Issuer's subaccount of the Obligation Account and credited against that Issuer's next Security Payments or Intercept Payments, as provided herein.

Section 3.3 Obligation Account.

3.3.1 The Series 2003 Trustee shall establish a separate account within the Trust Fund to be designated the "Obligation Account," and shall also establish a separate subaccount in the Obligation Account for each Series 2003 Issuer. The Obligation Account and its subaccounts shall be maintained by the Series 2003 Trustee until all Obligations have been paid in full. Amounts in a Series 2003 Issuer's subaccount of the Obligations Account shall not be used to make Pension Bond Payments of other Series 2003 Issuers.

3.3.2 To the extent funds provided in accordance with the Intercept Agreement are insufficient, the Series 2003 Pension Bonds require the Series 2003 Issuers to transfer the Security Payments to the Series 2003 Trustee for deposit in the Obligation Account. Each Series 2003 Issuer shall transfer its Security Payments to the Series 2003 Trustee no later than the 20th day of the month in which a Security Payment is due. Under the Intercept Agreement, Series 2003 Issuers have requested the Agency to transfer certain amounts to the Series 2003 Trustee on behalf of such Series 2003 Issuer. The Series 2003 Trustee shall credit any amounts it receives from the Agency on behalf of the Series 2003 Issuer (the "Intercept Payments") and each Series 2003 Issuer's Security Payment to that Series 2003 Issuer's subaccount of the Obligation Account. On each Payment Date the Series 2003 Trustee shall apply the Intercept Payments and Security Payments on deposit in each of the subaccounts of the Obligation Account to pay the Pension Bond Payments of the Series 2003 Issuers for which those subaccounts were created, and shall transfer those Pension Bond Payments to the Owners.

3.3.3 If after the Series 2003 Trustee receives a Security Payment, and prior to a Payment Date, funds in a Series 2003 Issuer's subaccount are insufficient to make its Pension Bond Payment due to an investment loss, such investment made by the Series 2003 Trustee under the direction of the Series 2003 Issuer pursuant to Section 4.2 herein, the Series 2003 Trustee shall notify such Series 2003 Issuer and demand payment for the balance of the Pension Bond Payment.

3.3.4 If on any Payment Date, the amount available in a Series 2003 Issuer's subaccount of the Obligation Account is less than the Pension Bond Payment which is due from that Series 2003 Issuer on that Payment Date, the Series 2003 Trustee shall apply such amount to Owners proportionally, based on the amount of Principal and Interest that was paid on the Series 2003 Pension Bonds by the Series 2003 Issuer and other Series 2003 Issuers.

3.3.5 Any amounts in a subaccount of the Obligation Account which remain after a Pension Bond Payment is made shall be retained in that subaccount of the Obligation Account. The Series 2003 Trustee shall credit the amounts described in the first sentence of this Section 3.3.5 in each Series 2003 Issuer's subaccount against the next Intercept Payment invoiced to the Agency or Security Payment due from that Series 2003 Issuer.

3.3.6 Any surplus remaining in a Series 2003 Issuer's subaccount of the Obligation Account after payment of all amounts due under that Series 2003 Issuer's Series 2003 Pension Bond, payment of all Obligations which are entitled to be paid from the Pension Bond Payments under that Series 2003 Pension Bond, and payment of any applicable fees and expenses of the Series 2003 Trustee, shall be paid to that Series 2003 Issuer.

Section 3.4 Schedule and Amount to be Invoiced.

3.4.1 Unless changed in accordance with Section 3.4.2 below, the Series 2003 Trustee shall invoice the Agency and the Series 2003 Issuers, as follows:

Intercept Payments

25th day of month preceding the month in which an Intercept Payment is due (initially, July 25, September 25 and December 25): Series 2003 Trustee sends an invoice to the Agency for Intercept Payments.

15th day of month Intercept Payment is due (initially, August 15, October 15 and January 15): Intercept Payments due.

Security Payments

25th day of month preceding the month in which a Security Payment is due (August 25 through April 25): If Security Payments are required, the Series 2003 Trustee sends an invoice for Security Payments to each affected Series 2003 Issuer.

20th day of month in which a Security Payment is due (September 20 through May 20): Security Payments due.

3.4.2 The above schedule may be changed to accommodate changes in the Disbursement Schedule and Intercept Schedule as defined and set forth in the Intercept Agreement. However, any such change shall always provide that Security Payments are due to the Series 2003 Trustee no later than the 20th day of the month when due.

3.4.3 Amount of Intercept Payment to be Invoiced to Agency. Each time the Series 2003 Trustee invoices the Agency, the amount of the invoice for each Series 2003 Issuer shall be at least equal to the amount necessary, if the invoice is timely paid, to provide the Series 2003 Trustee at all times with amounts that avoid Series 2003 Issuers being billed for or required to make Security Payments.

3.4.4 Amount of Security Payment to be Invoiced to Series 2003 Issuers. Each Series 2003 Issuer is obligated to make monthly Security Payments to the Trustee from September through May of each Fiscal Year in amounts which equal approximately 1/9th of the debt service on the Bonds for each Fiscal Year. However, the Trustee shall adjust each Security Payment that is due immediately before each Pension Bond Payment to insure that the amount of that Security Payment, plus the Security Payments and Intercept Payments that the Trustee then has available, are sufficient to allow the Series 2003 Trustee to deposit each Pension Bond Payment in the subaccount of the Obligation Account for each Series 2003 Issuer. Any Intercept Payments received from the Agency shall be credited against the Security Payments. Initially, the Disbursement Schedule is set such that the Agency makes Intercept Payments in August, October and January and the crediting of Security Payments occurs as follows:

August Intercept Payment credits against the:	September October, and November Security Payments
October Intercept Payment credits against the:	December January, and February Security Payments
January Intercept Payment credits against the:	March April, and May Security Payments

If the Series 2003 Trustee does not receive an Intercept Payment for a Series 2003 Issuer when due or only receives a partial Intercept Payment, the crediting against Security Payments shall occur as set forth in Section 3.4.5 below. If the Disbursement Schedule changes from the August, October, January schedule, the crediting of Security Payments shall be as described in Section 3.4.6 below. If no Intercept Payments are received, there will be no crediting against Security Payments.

3.4.5 Partial or Late Intercept Payments.

a) Partial Intercept Payments. If the Disbursement Schedule does not change but the Agency does not make a full Intercept Payment, the amount of the partial Intercept Payment that is made will be credited by the Series 2003 Trustee against any Security Payments currently due, and the Issuers will pay any deficiencies in their monthly Security Payments. The Series 2003 Trustee will invoice the Agency for the deficiency in the Intercept Payment with the next Intercept Payment. If the Trustee receives an Intercept Payment that pays an invoice for a prior deficiency before the Trustee receives one or more of the Security Payments that were billed because of the deficiency, the Trustee shall notify the affected Series 2003 Issuers as soon as practical if any of the previously billed Security Payments are no longer required. If the Trustee receives both an Intercept Payment that pays an invoice for a prior deficiency and one or more Security Payments that were billed because of that deficiency, the Trustee shall credit the excess against the next Intercept Payments.

Example of Partial Intercept Payment Crediting:

Assume that the initial Disbursement Schedule does not change, but that the State Education Revenues available to the Agency in August are only one-half of the amount of the normal August Intercept Payment. The Agency will pay the available amount to

the Trustee. Since the normal August Intercept Payment is equal to the sum of the September, October and November Security Payments, one-half of the August Intercept Payment will provide an amount equal to the full amount of the Security Payment scheduled to be made in September, and one-half of the Security Payment scheduled to be made in October. The Intercept Payment would be insufficient to cover the remaining half of the October Security Payment and the full amount of the November Security Payment. The Trustee will credit the amount the Agency actually pays in August against the full scheduled September Security Payment and one-half of the scheduled October Security Payment, and will not bill the Issuers for any Security Payment in September. However, the Trustee will bill the Issuers for one-half of the Security Payment scheduled to be made in October, because the partial August Intercept Payment only covers one-half of the scheduled October Security Payment and will bill in October for the November Security Payment.

Example of Partial Intercept Payment Invoicing Schedule:

In addition to the facts in the previous paragraph, assume, the following: (i) the Trustee bills for Intercept Payments and Security Payments on the 25th day of each month that precedes a month in which those payments are due; (ii) the Intercept Payments are due on the 15th of the month; and (iii) that Security Payments are due on the 20th of the month. On the 25th of September the Trustee will bill each Issuer for one-half of the October Security Payment, and will bill the Agency for the normal October Intercept Payment, plus the amount of the deficiency in the August Intercept Payment (an amount equal to one-half of the October Security Payment, plus the full amount of the November Security Payment). If the Agency pays the increased October Intercept Payment when it is due, the Trustee will not need the Issuers to pay the October Security Payments for which they have been billed and the Trustee will not be required to bill for the November Security Payment. If the Trustee receives the increased October Intercept payment (which is due on the 15th of October) before the October Security Payments that are due on the 20th of October, the Trustee will use its best efforts to notify the Issuers that they are not required to make the October Security Payment prior to the date the October Security Payment is due. If the Trustee receives both the increased October Intercept Payment and the October Security Payments, the Trustee shall reduce future Intercept Payments by the amount of the excess.

b) Late Intercept Payments. If the Disbursement Schedule does not change, the Agency makes a partial Intercept Payment and then makes a further late Intercept Payment, the late payment will be credited by the Series 2003 Trustee against any Security Payments currently due and the Issuer will pay any deficiencies in their monthly Security Payments. For example:

Assume the initial Disbursement Schedule does not change, but that the State Education Revenues available to the Agency in August are only one-half of the amount of the normal August Intercept Payment. The Agency pays one-half of the normal August Intercept Payment in August, and then pays the deficiency in the August Intercept Payment to the Trustee belatedly on September 15th. The Trustee credits the belated September 15th Intercept Payments against the one-half of the October Security Payments that were not covered by the partial August Intercept Payment, and against the full amount of the November Security Payments. On September 25th the Trustee will not bill for any Security Payments, because all Security Payments scheduled to be made through November have been covered by Intercept Payments the Trustee received by

September 25th. Also, on September 25th the Trustee will bill the Agency only for the normal October Intercept Payment, because by September 25th, there are no deficiencies in prior Intercept Payments.

3.4.6 Change in Disbursement Schedule. If the Disbursement Schedule changes, the Series 2003 Trustee shall credit any Intercept Payments it receives against any Security Payments currently due and, pursuant to the Intercept Agreement, will revise the amounts and timing of the Intercept Payments. For example:

Assume the initial Disbursement Schedule changes so that the Agency no longer disburses State Education Revenues in August, but only disburses State Education Revenues to Issuers in October and January. This change means that there can be no August Intercept Payment. Since, under the initial schedule of Intercept Payments, the August Intercept Payment would provide the Trustee with funds to credit against the September, October and November Security Payments, the elimination of the August Intercept Payment means that the Trustee must reallocate these Security Payments to the October and January Intercept Payment, while continuing to cover the Security Payments that would have been eliminated by the Intercept Payments under the original schedule. In the first year of the transition, the September and October Security Payments for that fiscal year would be handled as addressed in Section 3.4.5 a) above, unless the timing of the change was such that sufficient notice was provided to allow a modification to the preceding January Intercept Payment to include these Security Payments in addition to those set forth above. Thereafter, the January Intercept Payment would cover the Security Payments in the months of March, April, May, September and October; the October Intercept would cover the Security Payments in the months of November, December, January and February.

3.4.7 Notice to Series 2003 Issuers of Amount of Intercept Payments to be Invoiced to Agency. Not later than July 15th of each fiscal year, the Series 2003 Trustee shall provide each Series 2003 Issuer with a schedule of the amount and timing of Intercept Payments which are anticipated to be invoiced to the Agency for such fiscal year.

Section 3.5 Contingency Amount.

Amounts specified as a contingency amount in the closing instructions shall be deposited in the applicable Series 2003 Issuer's subaccount of the Obligation Account and invested pursuant to Article 4 below and credited against that Issuer's first Security Payments or Intercept Payments.

Section 3.6 Prepayment Account.

The Series 2003 Trustee shall establish a separate account within the Trust Fund to be designated the "Prepayment Account," and shall also establish a separate subaccount in the Prepayment Account for each Series 2003 Issuer. The Prepayment Account and its subaccounts shall be maintained by the Series 2003 Trustee until the Pension Bond Payments are paid in full or defeased pursuant to the terms of the Series 2003 Pension Bonds. The Series 2003 Trustee shall deposit all principal components of each Series 2003 Issuer's Security Payments which are prepaid in that Series 2003 Issuer's subaccount of the Prepayment Account. Forty days prior to each Obligation prepayment date, the Series 2003 Trustee shall determine the amount available in each subaccount of the Prepayment Account, and on the Obligation prepayment date, shall apply that amount to prepay related principal components of Obligations. For purposes of the preceding sentence, the Series 2003 Trustee may consider amounts deposited in a defeasance escrow held by the Series 2003 Trustee as available in the Prepayment Account.

**ARTICLE 4.
MONEYS IN FUNDS; INVESTMENT**

Section 4.1 Held in Trust.

The moneys and investments held by the Series 2003 Trustee under this Series 2003 Trust Agreement are irrevocably held in trust for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Series 2003 Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Series 2003 Trustee or any Series 2003 Issuer or Owner.

Section 4.2 Investments Authorized.

Amounts held by the Series 2003 Trustee in each Series 2003 Issuer's subaccounts shall be invested in Permitted Investments at the written direction of each Series 2003 Issuer.

Section 4.3 Accounting.

The Series 2003 Trustee shall furnish to each Series 2003 Issuer and the Agency, at least semi-annually, an accounting of that Series 2003 Issuer's subaccounts, including all investments made by the Series 2003 Trustee of funds in those subaccounts. Except as provided in Section 5.6 below, the Series 2003 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 Series 2003 Trust Agreement.

Section 4.4 Allocation of Earnings.

Interest earnings on each Series 2003 Issuer's subaccount in each account held by the Series 2003 Trustee under this Series 2003 Trust Agreement shall be credited to that subaccount.

Section 4.5 Disposition of Investments.

The Series 2003 Trustee shall sell at the then current market price, or present for prepayment, any Permitted Investment so purchased by the Series 2003 Trustee whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the sub account to which such Permitted Investment is credited, and, except as provided in Section 5.6 below, the Series 2003 Trustee shall not be liable or responsible for any loss resulting from such investment. Each Series 2003 Issuer may instruct the Series 2003 Trustee at any time to sell any Permitted Investment credited to any of its subaccounts which may be sold at a profit; proceeds of such sale shall be deposited in the subaccount to which the Permitted Investment was credited.

Section 4.6 Commingling for Investment Permitted.

Subject to Section 4.2, Section 4.4 and Section 4.5 herein, the Series 2003 Trustee may commingle any of the funds held by it pursuant to this Series 2003 Trust Agreement for investment purposes only.

**ARTICLE 5.
THE SERIES 2003 TRUSTEE**

Section 5.1 Compensation of the Series 2003 Trustee.

5.1.1 In its Resolution authorizing the Series 2003 Pension Bonds, each Series 2003 Issuer has agreed to pay its allocable share of the Additional Charges to the Series 2003 Trustee.

5.1.2 The Series 2003 Trustee shall:

- (A) Charge each Series 2003 Issuer an initial acceptance fee of \$450.00 and the first annual fee of \$1,600.00, which shall be paid at Closing as a cost of issuance;
- (B) Bill each Series 2003 Issuer on an annual basis for the Series 2003 Issuer's Additional Charges associated with the annual administrative costs in the initial amount of \$1,600.00. The Series 2003 Trustee, or any successor Series 2003 Trustee, may only adjust its annual administrative fee to bring it in accordance with its schedule of fees in effect when the services are performed upon notice in writing at least sixty (60) days prior to any increase in such fee. Any such increase shall occur no more often than each fourth year anniversary of the Closing Date.

5.1.3 Any Series 2003 Issuer may prepay its Additional Charges associated with the annual administrative costs, including its initial acceptance fee, at Closing in the amount of \$33,400.00 based on a twenty-five (25) year maturity of the Series 2003 Pension Bonds. If a Series 2003 Issuer prepays its Additional Charges associated with the annual administrative costs pursuant to this Section 5.1.3, neither the Series 2003 Trustee nor any successor Series 2003 Trustee may charge additional annual administrative costs while the Series 2003 Issuer's Series 2003 Pension Bonds remain Outstanding.

5.1.4 After Closing, a Series 2003 Issuer may prepay its Additional Charges associated with the annual administrative costs subject to agreement by the Series 2003 Trustee. Such agreement by the Series 2003 Trustee shall not be unreasonably withheld.

5.1.5 Additional Charges which are allocable to a default by any Series 2003 Issuer shall be billed only to the defaulting Series 2003 Issuer. Owners shall have no lien on Additional Charges revenues and the Series 2003 Trustee shall have no lien on the Trust Estate for this purpose.

Section 5.2 Removal of Series 2003 Trustee.

5.2.1 The Series 2003 Trustee may be removed and a successor Series 2003 Trustee appointed at any time:

(A) On written demand of Series 2003 Issuers representing fifty-one percent (51%) or more of the then Outstanding Principal amount of Series 2003 Pension Bonds.

(B) On written demand of the Owners of fifty-one percent (51%) of the aggregate Principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Series 2003 Trustee. The Series 2003 Trustee shall provide notice of any demand for removal of the Series 2003 Trustee pursuant to this Section 5.2.1 (B) by first class mail to the Series 2003 Issuers and the Agency or Insurer.

5.2.2 Any demand for removal of the Series 2003 Trustee shall specify the proposed successor Series 2003 Trustee, and no removal shall take effect until the successor Series 2003 Trustee accepts the obligations of the Series 2003 Trustee under this Series 2003 Trust Agreement and Outstanding Series 2003 Pension Bonds and the rest of the Trust Estate have been transferred to the successor Series 2003 Trustee.

5.2.3 Any successor Series 2003 Trustee appointed pursuant to the provisions of this section shall:

(A) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority,

(B) have substantial prior experience as a Series 2003 Trustee for the benefit of the owners of municipal debt securities;

(C) have a reported capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000); and

(D) covenant to fulfill obligations in the Intercept Agreement in accordance with the terms set forth herein.

Section 5.3 Resignation of Series 2003 Trustee.

5.3.1 The Series 2003 Trustee or any successor may at any time resign by giving notice by first class mail to the Series 2003 Issuers, the Owners and the Agency. The notice shall state the Series 2003 Trustee's intention to resign and the proposed date of resignation, which shall be a date not less than 60 days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Series 2003 Trustee shall have been or are approved by the Owners of a majority in aggregate Principal amount of the Obligations then Outstanding and a majority of Series 2003 Issuers.

5.3.2 Upon mailing such notice of resignation, the resigning Series 2003 Trustee will organize a meeting of the Series 2003 Issuers as quickly as possible for the purpose of appointing a successor Series 2003 Trustee. Series 2003 Issuers representing fifty-one percent of the Outstanding Principal amount of Series 2003 Pension Bonds may appoint a successor Series 2003 Trustee; provided, however, that if a successor Series 2003 Trustee is not appointed within 30 days following mailing of such written notice of resignation, the Owners of a majority of the Outstanding Principal amount of all Obligations Outstanding may appoint a successor Series 2003 Trustee, and in the event that the Owners fail to appoint a successor Series 2003 Trustee, within 30 days following the expiration of such initial 30-day period, the resigning Series 2003 Trustee may petition the appropriate court having jurisdiction to appoint a successor Series 2003 Trustee acceptable to the Obligation Insurer. Any resignation of the Series 2003 Trustee shall become effective only upon acceptance of appointment by the successor Series 2003 Trustee.

5.3.3 Notwithstanding any other provision of this Series 2003 Trust Agreement, no removal, resignation or termination of the Series 2003 Trustee shall take effect until a successor Series 2003 Trustee has accepted its appointment as Series 2003 Trustee, Outstanding Series 2003 Pension Bonds and the rest of the Trust Estate have been transferred to the successor Series 2003 Trustee and the Obligation Insurer has received written notice of such removal, resignation or termination.

Section 5.4 Merger or Consolidation.

Any company into which the Series 2003 Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Series 2003 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 5.2 above, shall be the successor to the Series 2003 Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. The Series 2003 Trustee shall provide notice by first class mail to the Series 2003 Issuers, Agency, Insurer and Owners of any merger or consolidation.

Section 5.5 Acceptance of Appointment by Successor Series 2003 Trustee.

5.5.1 Any successor Series 2003 Trustee appointed as provided in Section 5.2 or Section 5.3 shall execute, acknowledge and deliver to the Series 2003 Issuers and the Agency and to its predecessor Series 2003 Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Series 2003 Trustee shall become effective and such successor Series 2003 Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named herein, and the Series 2003 Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Series 2003 Trustee all the rights and powers of the Series 2003 Trustee and Trust Estate. Upon request of any such successor Series 2003 Trustee, the Series 2003 Issuers and the Agency shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Series 2003 Trustee all such rights and powers. Any Series 2003 Trustee ceasing to act shall, nevertheless, retain a lien upon all Additional Charges to secure any amounts then due to it pursuant to the provisions of this Series 2003 Trust Agreement.

5.5.2 No successor Series 2003 Trustee shall accept appointment as provided in this Section 5.5.2 unless at the time of acceptance such successor Series 2003 Trustee shall be qualified under the provisions of Section 5.2 above.

5.5.3 Upon acceptance of appointment by a successor Series 2003 Trustee as provided in this Section 5.5.3, the successor Series 2003 Trustee shall mail, first class, postage prepaid, notice of the succession of such Series 2003 Trustee hereunder to each Series 2003 Issuer, to each Owner and to the Agency as of the date such notice is mailed at his or her last address as it shall appear upon the Obligation Register.

Section 5.6 Duties and Responsibilities of the Series 2003 Trustee Prior to and During Default.

5.6.1 The Series 2003 Trustee undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Series 2003 Trust Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Series 2003 Trustee shall exercise such of the rights and powers vested in it by this Series 2003 Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

5.6.2 No provision of this Series 2003 Trust Agreement shall be construed to relieve the Series 2003 Trustee from liability for its own negligent action, breach of fiduciary duty, its negligent failure to act or its own willful misconduct, except that:

(A) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Series 2003 Trustee shall be determined solely by the express provisions of this Series 2003 Trust Agreement, and the Series 2003 Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Series 2003 Trust Agreement, and no covenants or obligations shall be implied into this Series 2003 Trust Agreement adverse to the Series 2003 Trustee;

(B) The Series 2003 Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Series 2003 Trustee, unless it shall be proved that the Series 2003 Trustee was negligent in ascertaining the pertinent facts;

(C) The Series 2003 Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in Outstanding Principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Series 2003 Trustee, or exercising any trust or power conferred upon the Series 2003 Trustee, under this Series 2003 Trust Agreement; and

(D) No provision contained in this Series 2003 Trust Agreement shall require the Series 2003 Trustee to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Series 2003 Trustee's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 5.7 Duties and Responsibilities of the Series 2003 Trustee Regarding Continuing Disclosure.

The Series 2003 Trustee shall execute a continuing disclosure certificate in substantially the form attached as Exhibit F to assist the Underwriters in complying with SEC Rule 15c2-12 (17 CFR §240.15c2-12) by providing notice of certain material events regarding the Obligations.

Section 5.8 Protection and Rights of the Series 2003 Trustee.

5.8.1 The Series 2003 Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Series 2003 Trust Agreement, and the Series 2003 Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Series 2003 Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Series 2003 Trustee or satisfactory evidence of the ownership of such Obligation shall be furnished to the Series 2003 Trustee. The Series 2003 Trustee may consult with counsel, who may be counsel to one or more Series 2003 Issuers or counsel to the Series 2003 Trustee, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

5.8.2 The Series 2003 Trustee may become the Owner of Obligations with the same rights it would have if it were not the Series 2003 Trustee; may acquire and dispose of other certificates or evidences of indebtedness of the Series 2003 Issuers with the same rights it would have if it were not the Series 2003 Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Outstanding Obligations, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

5.8.3 The recitals, statements and representations by the Series 2003 Issuers contained in this Series 2003 Trust Agreement or in the Series 2003 Pension Bonds shall be taken and construed as made by and on the part of the Series 2003 Issuer, as the case may be, and not by the Series 2003 Trustee, and the Series 2003 Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

5.8.4 The Series 2003 Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Series 2003 Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Section 5.9 Indemnification.

In its Resolution authorizing the Series 2003 Pension Bonds and to the extent permitted by law, each Series 2003 Issuer has agreed to indemnify and save the Series 2003 Trustee harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Series 2003 Trust Agreement, excluding any losses or expenses which are due to the Series 2003 Trustee's breach of fiduciary duties, negligence or willful misconduct. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

ARTICLE 6. CONCERNING THE OBLIGATION OWNERS

Section 6.1 Evidence of Action Taken by Owners.

Subject to Section 12.1.2, whenever in this Series 2003 Trust Agreement it is provided that the Owners of a specified percentage in Outstanding Principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

6.1.1 by any instrument or any number of instruments of similar tenor executed by Owners of Outstanding Obligations in person or by agent or proxy appointed in writing, or

6.1.2 by the record of the Owners of Outstanding Obligations voting in favor thereof at any meeting of Owners of Outstanding Obligations, or

6.1.3 by a combination of such instrument or instruments and any such record of such a meeting of Owners of Outstanding Obligations.

Section 6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in Outstanding Principal specified in this Series 2003 Trust Agreement in connection with such action shall be conclusive and binding upon all Series 2003 Issuers, the Series 2003 Trustee and the Owners of all the Obligations.

Section 6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite Outstanding Principal amount of all Obligations Outstanding have concurred in any direction or consent under this Series 2003 Trust Agreement, Obligations which are owned by the Series 2003 Trustee or any Series 2003 Issuer or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Series 2003 Trustee or any Series 2003 Issuer shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Series 2003 Trustee shall be protected in relying on any such direction or consent only Obligations which the Series 2003 Trustee knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Series 2003 Trustee the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Series 2003 Trustee or any Series 2003 Issuer. In case of a dispute as to such right, any decision by the Series 2003 Trustee taken upon the advice of counsel shall be full protection to the Series 2003 Trustee.

ARTICLE 7. MODIFICATION OF SERIES 2003 TRUST AGREEMENT

Section 7.1 Limitations.

This Series 2003 Trust Agreement may be modified or amended only in accordance with this ARTICLE 7.

Section 7.2 Supplemental Trust Agreement Without Consent of Owners.

7.2.1 Upon the written consent of the Obligation Insurer (or, if the Obligation Insurance Policy is no longer in effect, Series 2003 Issuers representing fifty-one percent (51%) or more of the then Outstanding Principal amount of Series 2003 Pension Bonds), the Series 2003 Trustee may amend this Series 2003 Trust Agreement without the consent of or notice to the Owners and, if the Obligation Insurance Policy is in effect, without the consent of or notice to Series 2003 Issuers for any of the purposes listed below in sub paragraphs (A) through (F) of this Section 7.2.1. If the Obligation Insurance Policy is in effect, the Series 2003 Issuers shall be deemed to have entered into such supplement or amendment and to have consented thereto.

(A) To cure any formal defect, omission, inconsistency or ambiguity in this Series 2003 Trust Agreement.

(B) To grant to or confer or impose upon the Series 2003 Trustee for the benefit of the Owners any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed.

(C) To add to the covenants and agreements of, and limitations and restrictions upon, the Series 2003 Trustee or the Series 2003 Issuers in this Series 2003 Trust Agreement other covenants, agreements, limitations and restrictions to be observed by the Series 2003 Trustee or the Series 2003 Issuers which are necessary or desirable and not contrary to or inconsistent with this Series 2003 Trust Agreement as theretofore in effect.

(D) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Series 2003 Trust Agreement, or of any other moneys, securities or funds.

(E) To evidence the appointment of a successor Series 2003 Trustee.

7.2.2 (F) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended and supplemented. To the extent an amendment under this Section 7.2.1 (F) would adversely affect the security for the Obligations, the consent of the Owners representing not less than fifty-one (51%) of the then Outstanding Principal amount of Obligations shall be required. Before the Series 2003 Trustee shall amend the Series 2003 Trust Agreement under this Section 7.2.1(F), there shall have been delivered to the Series 2003 Trustee an opinion of counsel, as provided under Section 11.4.3, stating that such supplement or amendment does not materially and adversely affect the security for the Obligations. Before the Series 2003 Trustee shall amend the Series 2003 Trust Agreement under this Section 7.2 without consent of or notice to the Series 2003 Issuers, there shall have been delivered to the Series 2003 Trustee an opinion of counsel, as provided under Section 11.4.3, stating that such supplement or amendment does not materially and adversely affect the rights or obligations of the Series 2003 Issuers. If the Series 2003 Trustee does not receive such an opinion, then any such proposed supplement or amendment shall require the consent of Series 2003 Issuers representing not less than fifty-one (51%) of the then Outstanding Principal amount of the Series 2003 Pension Bonds.

7.2.3 Before the Series 2003 Trustee and the Series 2003 Issuers shall enter into any supplemental Trust Agreement pursuant to this section, there shall have been delivered to the Series 2003 Trustee an opinion of Special Counsel stating that such supplemental Trust Agreement is authorized or permitted by this Series 2003 Trust Agreement, complies with its terms, and will, upon the execution and delivery thereof, be valid and binding upon the Series 2003 Trustee and the Series 2003 Issuers in accordance with its terms.

Section 7.3 Supplemental Trust Agreement with Consent of the Obligation Insurer or the Owners.

7.3.1 Series 2003 Issuers representing not less than fifty-one percent (51%) of the then Outstanding Principal amount of Series 2003 Pension Bonds and the Series 2003 Trustee may amend this Series 2003 Trust Agreement, except as set forth in Section 7.2.1 above and 7.3.2 below, only with the consent of the Owners of not less than fifty-one percent (51%) in Outstanding Principal amount of the Obligations.

7.3.2 The consent of all affected Series 2003 Issuers and all affected Owners of all the Obligations then Outstanding is required for:

(A) a change in the terms of the payment or prepayment of any portion of the Pension Bond Payments, or

(B) the creation of a claim or lien upon, or a pledge of the Trust Estate ranking prior to or (except as expressly permitted in the Series 2003 Trust Agreement or Series 2003 Pension Bonds) on a parity with the claim, lien or pledge created by this Series 2003 Trust Agreement, or

(C) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(D) a reduction in the Outstanding Principal amount of Obligations the consent of the Owners of which is required for any supplemental Trust Agreement or which is required, under Section 7.6 below, for any modification, alteration, amendment or supplement to the Series 2003 Pension Bonds.

7.3.3 If at any time the Series 2003 Issuers shall request the Series 2003 Trustee to enter into any supplemental Trust Agreement for any of the purposes of this Section 7.3 which require Owners' consent subject to Section 12.1.2, the Series 2003 Trustee shall cause notice of the proposed supplemental Trust Agreement to be given by first class mail, postage prepaid, to all Owners of Outstanding Principal amount of Obligations affected thereby at their addresses as they appear in the Obligation Register.

(A) Such notice shall briefly set forth the nature of the proposed supplemental Trust Agreement and shall state that a copy thereof is on file at the office of the Series 2003 Trustee for inspection by all Owners.

(B) Within two years after the date of the first mailing, the Series 2003 Trustee may enter into such supplemental Trust Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Series 2003 Trustee (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Trust Agreement is authorized or permitted by this Series 2003 Trust Agreement, complies with its terms, and will, upon the execution and delivery thereof, be valid and binding upon the Series 2003 Trustee in accordance with its terms.

(C) If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Trust Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Series 2003 Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.4 Effect of Supplemental Trust Agreement.

Upon the execution and delivery of any supplemental Trust Agreement pursuant to the provisions of this Section 7.4, this Series 2003 Trust Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series 2003 Trust Agreement of the Series 2003 Trustee, and all Owners of Obligations then Outstanding shall thereafter be

determined, exercised and enforced under this Series 2003 Trust Agreement subject in all respects to such modifications and amendments.

Section 7.5 Notice of Amendments.

Copies of any amendment to this Series 2003 Trust Agreement shall be sent by the Series 2003 Trustee to all Series 2003 Issuers.

Section 7.6 Amendments to Series 2003 Pension Bonds and Resolutions Not Requiring Consent of Owners.

7.6.1 At the request of any Series 2003 Issuer and without the consent of Owners, the Series 2003 Trustee may approve amendments of the Series 2003 Pension Bonds and the related Resolutions which are required:

(A) To cure any formal defect, omission, inconsistency or ambiguity or to conform those documents to the requirements of this Trust Indenture.

(B) To make any other change which, in the reasonable judgment of the affected Series 2003 Issuer and the Series 2003 Trustee, does not materially and adversely affect the Owners.

7.6.2 Before the Series 2003 Trustee shall approve any amendment pursuant to this Section 7.6 or Section 7.7 below, there shall have been delivered to the Series 2003 Trustee an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Series 2003 Trust Agreement, complies with its terms, and will, upon the execution and delivery thereof, be valid and binding upon the Series 2003 Issuers in accordance with its terms.

Section 7.7 Amendments to Series 2003 Pension Bonds and Related Resolutions Requiring Consent of the Owners.

Any amendment to the Series 2003 Pension Bonds and the related Resolutions which is not described in Section 7.6 above requires the consent of the affected Series 2003 Issuer, the Series 2003 Trustee and the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Obligations then Outstanding. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Series 2003 Pension Bonds that would permit the termination or cancellation of the Series 2003 Pension Bonds, a reduction in or postponement of the Pension Bond Payments or a release of the full faith and credit pledge. If at any time any Series 2003 Issuers shall request the consent of the Series 2003 Trustee to any such proposed amendment, change or modification of the Series 2003 Pension Bonds, the Series 2003 Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice to be given of such proposed amendment, change or modification in the same manner as provided by Section 7.3 above with respect to supplemental Trust Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Series 2003 Trustee for inspection by all Owners. The affected Series 2003 Issuer may enter into, and the Series 2003 Trustee may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 above hereof with respect to supplemental Trust Agreements, provided the affected Series 2003 Issuer has obtained the opinion of Special Counsel which is described in Section 7.6 above.

**ARTICLE 8.
COVENANTS; NOTICES**

Section 8.1 Enforcement of Series 2003 Pension Bonds.

The Series 2003 Trustee covenants and agrees with the Owners of the Obligations to enforce payment of the Series 2003 Pension Bonds in accordance with their terms for the benefit of the Owners.

Section 8.2 Notice in Event of Default.

If an Event of Default occurs under this Series 2003 Trust Agreement, the Series 2003 Trustee shall give written notice of such default to the Owners of the Obligations then Outstanding and the Series 2003 Issuers. Such notice shall specify the Series 2003 Issuer that is in default and the amount and dates of the Pension Bond Payments due from that Series 2003 Issuer; provided, however, that failure to give such notice shall not affect any rights of the Owners of the Obligations. The notice provided for in this section shall be mailed by first class mail, postage prepaid, to each Owner within thirty (30) days of the Series 2003 Trustee's actual knowledge of default. Notwithstanding the foregoing, except in the case of default in the payment of one or more Pension Bond Payments, the Series 2003 Trustee shall be protected in delaying such notice if and so long as the Series 2003 Trustee determines in good faith that the delaying of such notice is in the interests of the Owners of Obligations.

**ARTICLE 9.
EVENTS OF DEFAULT**

Section 9.1 Events of Default.

The occurrence of one or more of the following shall constitute an Event of Default under this Series 2003 Trust Agreement:

9.1.1 If default shall be made in the due and punctual payment of any principal or interest scheduled to be paid on the Obligations; or

9.1.2 The occurrence of any Pension Bond Default.

The occurrence of any Pension Bond Default by a Series 2003 Issuer does not constitute a Pension Bond Default of other Series 2003 Issuers.

Section 9.2 Remedies on Default.

9.2.1 Upon the occurrence and continuance of any Event of Default, the Series 2003 Trustee may, and if the Owners of not less than fifty-one percent (51%) in Outstanding Principal amount of Obligations so request, shall take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the Series 2003 Trustee or the Owners of Obligations by this Series 2003 Trust Agreement or the Series 2003 Pension Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Series 2003 Trust Agreement or in aid of the exercise of any power granted in this Series 2003 Trust Agreement or for the enforcement of any other legal or equitable right vested in the Series 2003 Trustee by this Series 2003 Trust Agreement or by law; provided that in no event shall the Series 2003 Trustee have the right to accelerate the Pension Bond Payments or the Obligations.

9.2.2 The Series 2003 Trustee shall not exercise remedies against a Series 2003 Issuer that has not caused a Pension Bond Default.

Section 9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Series 2003 Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Series 2003 Trust Agreement to the Series 2003 Trustee, or given under the Series 2003 Pension Bonds to the Series 2003 Trustee and assigned hereunder to the Series 2003 Trustee, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Series 2003 Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.3 or by law.

Section 9.4 Attorneys' Fees and Expenses.

In the event any party to this Series 2003 Trust Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

Section 9.5 No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Series 2003 Trust Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Moneys Upon Pension Bond Default.

If at any time after a Pension Bond Default has occurred the Security Payments and Intercept Payments shall not be sufficient to pay the Additional Charges and the Principal, Interest, premium, if any, on the Pension Bonds as the same become due and payable, any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Series 2003 Trustee as follows:

9.6.1 **First:** To the payment of any Additional Charges which are then due or overdue;

9.6.2 **Second:** To the payment of the Interest on such Series 2003 Issuer's Series 2003 Pension Bond when due; and,

9.6.3 **Third:** To the payment of the Principal on such Series 2003 Issuer's Series 2003 Pension Bond when due.

In no event shall non-payment of one Series 2003 Issuer affect another. Obligations are to be paid pro-rata.

Section 9.7 Action by Owners.

In the event the Series 2003 Trustee fails to take any action to eliminate an occurrence of an Event of Default, the Owners of not less than 51 percent in aggregate principal amount of Obligations then

Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Series 2003 Pension Bonds or this Series 2003 Trust Agreement, but only if the Series 2003 Trustee shall have been given written notice of such default (unless such default shall consist of a failure to make a Pension Bond Payment when due) and the continuance thereof and if such percentage of Obligation Owners have first made written request of the Series 2003 Trustee to institute such action or proceedings in its own name as Series 2003 Trustee hereunder and shall have afforded the Series 2003 Trustee 60 days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Series 2003 Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Series 2003 Trustee shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE 10.
BEO SYSTEM; REGISTRATION AND PREPAYMENT

Section 10.1 The BEO System.

The Obligations shall be initially issued in BEO form and shall be governed by this Section 10.1. While Obligations are in BEO form no physical Obligations shall be provided to Owners of Obligations. The Series 2003 Trustee has executed and delivered a blanket Letter of Representations to DTC. While the Obligations are in BEO form, registration and transfer of beneficial interests in the Obligations shall be governed by that letter and the Operational Arrangements of DTC, as they may be amended from time to time, as provided in the blanket Series 2003 Issuer letter of representations. So long as Obligations are in BEO form:

10.1.1 DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of Obligations. Obligation payments shall be made, and notices shall be given, to DTC in accordance with the Letter of Representations. 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 prepayment of Obligations called for prepayment or of any other action premised on such notice.

10.1.2 Series 2003 Issuers representing fifty-one percent (51%) or more of the then Outstanding Principal amount of Series 2003 Pension Bonds may discontinue maintaining the Obligations in the BEO form at any time. The Series 2003 Trustee shall discontinue maintaining the Obligations in BEO form if DTC determines not to continue to act as securities depository for the Obligations, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

10.1.3 If Series 2003 Issuers representing fifty-one percent (51%) or more of the then Outstanding Principal amount of Series 2003 Pension Bonds discontinues maintaining the Obligations in book-entry only form, the Series 2003 Trustee shall 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 in Section 10.2 below, regarding registration, transfer and exchange of Obligations shall apply.

10.1.4 While the Obligations are in BEO form, the Series 2003 Trustee 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:

(A) 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;

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

(C) the selection by DTC of the beneficial interest in Obligations to be prepaid prior to maturity; or

(D) 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 Series 2003 Trustee, of any amount with respect to principal, any premium or interest on the Obligations.

10.1.5 The Series 2003 Trustee shall pay or cause to be paid all principal, premium and interest on the Obligations only to or upon the order of the owner, as shown in the registration books maintained by the Series 2003 Trustee, and all such payments shall be valid and effective to fully satisfy and discharge the Series 2003 Trustee's obligation with respect to payment thereof to the extent of the sum or sums so paid.

10.1.6 The provisions of this Section 10.1 may be modified without the consent of the beneficial owners in order to conform this section to the standard practices of DTC or any successor depository for bonds issued in book-entry only form.

Section 10.2 Authentication, Registration and Transfer.

10.2.1 No Obligation shall be entitled to any right or benefit under this Series 2003 Trust Agreement unless an authorized officer of the Series 2003 Trustee shall have executed it. The Series 2003 Trustee shall execute all Obligations to be delivered at Closing, and shall additionally execute all Obligations issued in exchange for Obligations properly surrendered for exchange or transfer pursuant to this Series 2003 Trust Agreement.

10.2.2 The ownership of all Obligations shall be entered in the Obligation register maintained by the Series 2003 Trustee, and the Series 2003 Trustee may treat the person listed as owner in the Obligation register as the owner of the Obligation for all purposes.

10.2.3 While the Obligations are in book-entry only form, the Series 2003 Trustee shall transfer Obligation principal, interest, premium, if any, payments in the manner required by DTC.

10.2.4 If the Obligations cease to be in book-entry only form, the Series 2003 Trustee shall mail by first class mail, postage prepaid, 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 Owners as they appear on the Obligation register as of the Record Date. If payment is so mailed, neither the Series 2003 Trustee nor the Series 2003 Issuers shall have any further liability to any party for such payment.

10.2.5 Obligations may be exchanged for an equal principal amount of Obligations of the same series and maturity which are in different denominations, and Obligations may be transferred to other Owners in each case if the Owner submits the following to the Series 2003 Trustee:

(A) written instructions for exchange or transfer satisfactory to the Series 2003 Trustee, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Series 2003 Trustee and

(B) the Obligations to be exchanged or transferred.

10.2.6 The Series 2003 Trustee 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.

10.2.7 The Series 2003 Trustee shall note the date of authentication on each Obligation. The date of authentication shall be the date on which the Owner's name is listed on the Obligation register.

10.2.8 For purposes of this Section 10.2, Obligations shall be considered submitted to the Series 2003 Trustee on the date the Series 2003 Trustee actually receives the materials described in Section 10.2.5, above.

10.2.9 The Series 2003 Trustee may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 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.

Section 10.3 Prepayment of Obligations.

10.3.1 The Obligations shall be subject to optional and mandatory prepayment as provided in Section 2.4 herein.

10.3.2 If any Obligations are subject to mandatory prepayment, the Series 2003 Trustee may credit against the mandatory prepayment requirement any Obligations of the same series and maturity which the Series 2003 Trustee has previously purchased or prepaid via optional prepayment.

10.3.3 So long as Obligations are in book-entry only form, the Series 2003 Trustee shall notify DTC of any optional prepayment not less than 30 days prior to the date fixed for prepayment, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC in connection with the issuance of the Obligations.

10.3.4 During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations to be prepaid, official notice of any prepayment of Obligations shall be given by the Series 2003 Trustee by mailing a copy of an official prepayment notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for prepayment to the Owner of the Obligation or Obligations to be prepaid at the address shown on the Obligation register or at such other address as is furnished in writing by such Owner to the Series 2003 Trustee. The Series 2003 Issuer shall notify the Series 2003 Trustee of any intended optional prepayment not less than 50 days prior to the prepayment date. All such official notices of prepayment shall be dated and shall state:

(A) the prepayment date,

(B) the prepayment price,

(C) if less than all outstanding Obligations are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the Obligations to be prepaid,

(D) that on the prepayment date the prepayment price will become due and payable upon each such Obligation or portion thereof being prepaid, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Obligations are to be surrendered for payment of the prepayment price, which place of payment shall be the principal office of the Series 2003 Trustee.

ARTICLE 11. LIMITATION OF LIABILITY

Section 11.1 Limited Liability of Series 2003 Issuers.

Except for the payment of its Pension Bond Payments and its Additional Charges when due in accordance with the Series 2003 Pension Bonds and Resolutions, each Series 2003 Issuer shall have no obligation or liability to any of the other Series 2003 Issuers, other parties, or to the Owners of the Obligations with respect to this Series 2003 Trust Agreement, or the terms, execution, delivery or transfer of the Obligations, or the distribution of Pension Bond Payments to the Owners by the Series 2003 Trustee.

Section 11.2 No Liability of Series 2003 Issuers for Series 2003 Trustee Performance.

The Series 2003 Issuers shall not have any obligation or liability to any of the other Series 2003 Issuers, other parties or to the Owners of the Obligations with respect to the performance by the Series 2003 Trustee of any duty imposed upon the Series 2003 Trustee under this Series 2003 Trust Agreement.

Section 11.3 No Liability of Series 2003 Trustee for Pension Bond Payments by Series 2003 Issuers.

The Series 2003 Trustee shall not have any obligation or liability to the Owners of the Obligations with respect to any failure by a Series 2003 Issuer to make Pension Bond Payments or the performance by the Series 2003 Issuers of any other covenants made by the Series 2003 Issuers in the Series 2003 Pension Bonds.

Section 11.4 Opinion of Counsel; Experts.

11.4.1 Before being required to take any action, the Series 2003 Trustee may require an opinion of independent counsel acceptable to the Series 2003 Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Series 2003 Trustee shall be absolutely protected in relying thereon.

11.4.2 The Series 2003 Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Series 2003 Trustee), as it may deem necessary to carry out any of its obligations hereunder, and shall, to the extent permitted by law, be reimbursed by the Series 2003 Issuers for all reasonable expenses and charges in so doing. The Series 2003 Trustee shall not be

responsible for any misconduct or negligence of any such agent appointed with due care by the Series 2003 Trustee.

11.4.3 The Series 2003 Trustee may consult with counsel or a certified public accountant, as applicable, and the written advice of such counsel or any opinion of counsel or any certificate of a certified public accountant shall be full and complete authorization and protection in respect to any action taken or not taken by the Series 2003 Trustee hereunder in good faith and in reliance thereon.

Section 11.5 Limitation of Rights to Parties and Obligation Owners.

Nothing in this Series 2003 Trust Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the Series 2003 Issuers, the Series 2003 Trustee and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Series 2003 Trust Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the Series 2003 Issuers, the Series 2003 Trustee and the Owners.

**ARTICLE 12.
OBLIGATION INSURER**

Section 12.1 Obligation Insurer's Consent.

12.1.1 Any provision of this Series 2003 Trust Agreement expressly recognizing or granting rights in or to the Obligation Insurer may not be amended in any manner which affects the rights of the Obligation Insurer hereunder without the prior written consent of the Obligation Insurer.

12.1.2 Unless otherwise provided in this section, the Obligation Insurer shall be deemed to be the sole holder of the Obligations insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Obligations insured by it are entitled to take pursuant to this Series 2003 Trust Agreement. The Obligation Insurer shall receive a copy of such amendment and any related proceedings and Standard & Poor's will receive notice of any proposed amendment at least 15 days prior to execution of any amendment.

12.1.3 Any reorganization or liquidation plan with respect to a Series 2003 Issuer must be acceptable to the Obligation Insurer. In the event of any reorganization or liquidation, the Obligation Insurer shall have the right to vote on behalf of all Owners who hold the Obligation Insurer-insured Obligations absent a default by the Obligation Insurer under the applicable Obligation Insurance Policy insuring such Obligations.

12.1.4 Anything in this Series 2003 Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, the Obligation Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Series 2003 Trustee for the benefit of the Owners under this Series 2003 Trust Agreement.

Section 12.2 Notices/Information to be Given to Obligation Insurer.

12.2.1 Notices to be sent to the attention of the Obligation Insurer:

(A) While the Obligation Insurance Policy is in effect, each Series 2003 Issuer or the Series 2003 Trustee shall furnish to the Obligation Insurer:

(1) as soon as practicable after the filing thereof, a copy of any financial statement of the Series 2003 Issuer that is filed pursuant to its continuing disclosure certificate and a copy of any audit and annual report of the Series 2003 Issuer at no cost to the Obligation Insurer;

(2) such additional information it may reasonably request.

(B) A copy of any notice to be given to the registered Owners of the Obligations, including, without limitation, notice of any prepayment of or defeasance of Obligations, and any certificate rendered pursuant to this Series 2003 Trust Agreement relating to the security for the Obligations, at no cost to the Obligation Insurer shall be provided by the party responsible for providing such notice to the Owners.

(C) To the extent that a Series 2003 Issuer has entered into a continuing disclosure agreement with respect to the Obligations, the Obligation Insurer shall be included as party to be notified.

12.2.2 Notices to be sent to the attention of the Obligation Insurer:

(A) The Series 2003 Trustee shall notify the Obligation Insurer of any failure of a Series 2003 Issuer to provide relevant notices, certificates, etc. required to be filed with the Series 2003 Trustee under this Agreement.

(B) Notwithstanding any other provision of this Series 2003 Trust Agreement, the Series 2003 Trustee shall immediately notify the Obligation Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

12.2.3 Other Information to be given to the Obligation Insurer:

(A) Each Series 2003 Issuer will permit the Obligation Insurer to discuss the affairs, finances and accounts of the Series 2003 Issuer or any information the Obligation Insurer may reasonably request regarding the security for the Obligations with appropriate officers of the Series 2003 Issuer. The Series 2003 Trustee and each Series 2003 Issuer will permit the Obligation Insurer to have access to and to make copies of all books and records relating to the Obligations or Series 2003 Pension Bonds at any reasonable time.

(B) The Obligation Insurer shall have the right to direct an accounting of the money held under this Agreement at a Series 2003 Issuer's expense, and any Series 2003 Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Obligation Insurer shall be deemed a default under the Series 2003 Issuer's Series 2003 Pension Bond hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered Owner of the Obligations.

Section 12.3 Obligation Insurer and Defeasance.

Notwithstanding anything herein to the contrary, in the event that the principal or interest due on the Obligations shall be paid by the Obligation Insurer pursuant to the Obligation Insurance Policy, the Obligations shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Series 2003 Issuers, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Series 2003 Issuers to the registered Owners shall continue to exist and shall run to the benefit of the Obligation Insurer, and the Obligation Insurer shall be subrogated to the rights of such registered Owners.

Section 12.4 Payment Procedures Pursuant to the Obligation Insurance Policy.

As long as the Obligation Insurance Policy shall be in full force and effect, the Series 2003 Issuers and the Series 2003 Trustee agree to comply with the following provisions:

12.4.1 At least one (1) day prior to all Payment Dates, the Series 2003 Trustee will determine whether there will be sufficient funds available in the applicable accounts to pay the principal of or interest on the Obligations on such Payment Date. If the Series 2003 Trustee determines that there will be insufficient funds in the accounts, the Series 2003 Trustee shall so notify the Obligation Insurer. Such notice shall specify the amount of the anticipated deficiency, the Obligations to which such deficiency is applicable and whether such Obligations will be deficient as to principal or interest, or both. If the Series 2003 Trustee has not so notified the Obligation Insurer at least one (1) day prior to a Payment Date, the Obligation Insurer will make payments of principal of or interest due on the Obligations on or before the first (1st) day next following the date on which Obligation Insurer shall have received notice of nonpayment from the Series 2003 Trustee.

12.4.2 The Series 2003 Trustee shall, after giving notice to the Obligation Insurer as provided in Section 12.4.1 above, make available to the Obligation Insurer and, at the Obligation Insurer's direction, to U.S. Bank Trust National Association, or its successor, as agent for the Obligation Insurer or any successor agent (the "Fiscal Agent"), the registration books of the Series 2003 Issuers maintained by the Series 2003 Trustee, and all records relating to the funds and accounts maintained under this Series 2003 Trust Agreement.

12.4.3 The Series 2003 Trustee shall provide the Obligation Insurer and the Fiscal Agent with a list of registered Owners of Obligations entitled to receive principal or interest payments from the Obligation Insurer under the terms of the Obligation Insurance Policy, and shall make arrangements with the Fiscal Agent (A) to mail checks or drafts to the registered owners of Obligations entitled to receive full or partial interest payments from the Obligation Insurer and (B) to pay principal upon Obligations surrendered to the Fiscal Agent by the registered owners of Obligations entitled to receive full or partial principal payments from the Obligation Insurer.

12.4.4 The Series 2003 Trustee shall, at the time it provides notice to the Obligation Insurer pursuant to Section 12.4.1 above, notify registered Owners of Obligations entitled to receive the payment of principal or interest thereon from the Obligation Insurer (A) as to the fact of such entitlement, (B) that the Obligation Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Fiscal Agent, in form satisfactory to the Fiscal Agent, of an appropriate assignment of the registered Owner's right to payment, (C) that should they be entitled to receive full payment of principal from the Obligation Insurer, they must surrender their Obligations (along with an

appropriate instrument of assignment in form satisfactory to the Fiscal Agent to permit ownership of such Obligations to be registered in the name of the Obligation Insurer) for payment to the Fiscal Agent, and not the Series 2003 Trustee, and (D) that should they be entitled to receive partial payment of principal from the Obligation Insurer, they must surrender their Obligations for payment thereon first to the Series 2003 Trustee, who shall note on such Obligations the portion of the principal paid by the Series 2003 Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Fiscal Agent, which will then pay the unpaid portion of principal.

12.4.5 In the event that the Series 2003 Trustee has notice that any payment of principal of or interest on an Obligation which has become due for payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered Owner pursuant to the United States Bankruptcy Code by a Series 2003 Trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Series 2003 Trustee shall, at the time the Obligation Insurer is notified pursuant to Section 12.4.1 above, notify all registered Owners that in the event that any registered Owner's payment is so recovered, such registered Owner will be entitled to payment from the Obligation Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Series 2003 Trustee shall furnish to the Obligation Insurer its records evidencing the payments of principal of and interest on the Obligations which have been made by the Series 2003 Trustee, and subsequently recovered from registered Owners and the dates on which such payments were made.

12.4.6 In addition to those rights granted the Obligation Insurer under this Series 2003 Trust Agreement, the Obligation Insurer shall, to the extent it makes payment of principal of or interest on Obligations, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Obligation Insurance Policy, and to evidence such subrogation (A) in the case of subrogation as to claims for past due interest, the Series 2003 Trustee shall note the Obligation Insurer's rights as subrogee on the registration books of the Series 2003 Issuers maintained by the Series 2003 Trustee, upon receipt from the Obligation Insurer of proof of the payment of interest thereon to the registered Owners of the Obligations, and (B) in the case of subrogation as to claims for past due principal, the Series 2003 Trustee shall note the Obligation Insurer's rights as subrogee on the registration books of the Series 2003 Issuers maintained by the Series 2003 Trustee, upon surrender of the Obligations by the registered Owners thereof together with proof of the payment of principal thereof.

Section 12.5 Obligation Insurer as Third Party Beneficiary. To the extent that this Series 2003 Trust Agreement confers upon or gives or grants to the Obligation Insurer any right, remedy or claim under or by reason of this Series 2003 Trust Agreement, the Obligation Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy, or claim conferred, given or granted hereunder.

ARTICLE 13. INTERGOVERNMENTAL AGREEMENT

This Article 13 shall constitute an intergovernmental agreement among the Series 2003 Issuers which is authorized by ORS 238.692 to 238.698. The Series 2003 Issuers hereby agree among themselves that the Series 2003 Pension Bonds and Obligations shall be collectively issued, administered and paid as provided in this Series 2003 Trust Agreement.

ARTICLE 14.
MISCELLANEOUS

Section 14.1 Covenant to Remain Entitled to Receive State Education Revenues.

The Obligations are intended to be paid from State Education Revenues that the Trustee receives under the Intercept Agreement. To insure that State Education Revenues will be available to make payments to the Trustee under the Intercept Agreement, each Series 2003 Issuer covenants that it shall take all actions that are required for that Series 2003 Issuer to continue to qualify to receive State Education Revenues in amounts that are at least sufficient to allow the Agency to make all Intercept Payment to the Trustee when those payments are due under the Intercept Agreement, and that each Series 2003 Issuer shall not omit any action that would cause that Series 2003 Issuer to cease to qualify to receive State Education Revenues that are at least sufficient to allow the Agency to make all Intercept Payment to the Trustee when due.

Section 14.2 Defeasance.

14.2.1 All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(A) By payment of the Pension Bond Payments attributable to such Obligations as and when the same become due and payable;

(B) By irrevocably depositing with the Series 2003 Trustee or an independent escrow agent, in trust, before maturity, money which, together with the amounts then on deposit in the Obligation Account and the Prepayment Account, is fully sufficient to pay all Pension Bond Payments attributable to such Obligations; or

(C) By irrevocably depositing with the Series 2003 Trustee or an independent escrow agent, in trust, Defeasance Obligations which have been calculated to be sufficient, together with the interest to accrue thereon, to pay all Pension Bond Payments attributable to such Obligations, as and when the same become due and payable, and providing the Series 2003 Trustee or escrow agent with a report of an independent firm of nationally recognized certified public accountants or such other consultant as shall be acceptable to the Obligation Insurer verifying the sufficiency of the Defeasance Obligations, together with the interest to accrue thereon, to pay the Pension Bond Payments attributable to such Obligations in full on the maturity or prepayment date.

14.2.2 Money or proceeds of Defeasance Obligations deposited under Sections 14.2.1 (B) or 14.2.1 (C) shall be held in trust solely for the benefit of those Owners of the Obligations that are identified by the Series 2003 Trustee to be defeased.

14.2.3 All obligations of the Series 2003 Trustee and the Series 2003 Issuers under this Series 2003 Trust Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of Series 2003 Issuers to pay the Additional Charges as provided in the Resolutions authorizing the Series 2003 Pension Bonds, and the obligation of the Series 2003 Trustee to apply amounts on deposit to the payment of the Obligations in accordance with this Series 2003 Trust Agreement.

14.2.4 The Series 2003 Trustee shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Series 2003

Trust Agreement, which shall be available for inspection by any Series 2003 Issuer or Owner, or the agent of any of them, at any time during reasonable business hours.

Section 14.3 Notices.

14.3.1 Until each party provides the other with written notice of a change of address, all written notices to be given under this Series 2003 Trust Agreement to any party to this Series 2003 Trust Agreement shall be given by mail to each Series 2003 Issuer at the address shown in Exhibit D, to the Series 2003 Trustee, the Agency, the Obligation Insurer and the Obligation Insurer's Fiscal Agent at the following address:

If to the Series 2003 Trustee:	Wells Fargo Bank Northwest, National Association Corporate Trust Services MAC P6101-114 1300 SW Fifth Avenue, 11th Floor Portland, OR 97201
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If to the Agency:	Oregon Department of Community Colleges and Workforce Development 255 Capitol St., NE Salem, OR 97310-0203
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If to the Obligation Insurer:	Financial Guaranty Insurance Company 125 Park Avenue New York, NY 10017
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If to the Obligation Insurer's Fiscal Agent:	U.S. Bank Trust National Association 61 Broadway New York, NY 10006 Attention: Corporate Trust Company
--	---

14.3.2 Any such notice shall be deposited in the United States mail in registered or certified form (return receipt requested), with postage fully paid, except when permitted to be given by first class mail.

Section 14.4 Governing Law.

This Series 2003 Trust Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Series 2003 Trust Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the State of Oregon in the County of Multnomah, Oregon.

Section 14.5 Partial Invalidity.

Any provision of this Series 2003 Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Series 2003 Trust Agreement.

Section 14.6 Binding Effect; Successors.

This Series 2003 Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Series 2003 Trust Agreement any party hereto is

named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Series 2003 Trust Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 14.7 Execution in Counterparts.

This Series 2003 Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.8 Destruction of Canceled Obligations.

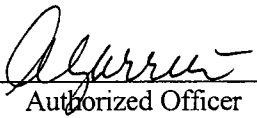
Whenever in this Series 2003 Trust Agreement provision is made for the surrender to or cancellation by the Series 2003 Trustee and the delivery to the Series 2003 Trustee of any Obligations, the Series 2003 Trustee may, in lieu of such cancellation and delivery, destroy such Obligations.

Section 14.9 Headings.

The headings or titles of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Series 2003 Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Series 2003 Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Series 2003 Trust Agreement as a whole and not to any particular subdivision.

IN WITNESS WHEREOF, the parties have executed this Series 2003 Trust Agreement as of the date and year first written.

**Wells Fargo Bank Northwest,
National Association, as Series 2003 Trustee**



Authorized Officer

Each Series 2003 Issuer is deemed to be a party to this Series 2003 Trust Agreement by the act of delivering its Series 2003 Pension Bond to the Series 2003 Trustee

EXHIBIT A

Series 2003 A Obligations

Aggregate original principal amount of Series 2003 A Obligations: \$73,067,299.60

Obligation Date: April 23, 2003

Obligation Maturities and Approximate Yields:

<u>Maturity Date</u>	<u>Original Principal</u>	<u>Approximate Yield to Maturity</u>	<u>Final Maturity Amount</u>
6/30/2004	\$ 939,318.90	1.40%	\$ 955,000
6/30/2005	1,846,218.70	2.04%	1,930,000
6/30/2006	3,045,203.60	2.73%	3,320,000
6/30/2007	3,278,863.20	3.33%	3,765,000
6/30/2008	3,491,624.50	3.71%	4,225,000
6/30/2009	3,641,488.95	4.15%	4,695,000
6/30/2010	3,783,726.30	4.46%	5,195,000
6/30/2011	3,898,008.40	4.74%	5,720,000
6/30/2012	3,998,387.20	4.94%	6,260,000
6/30/2013	4,070,994.40	5.13%	6,820,000
6/30/2014	4,107,835.85	5.35%	7,415,000
6/30/2015	4,138,105.35	5.52%	8,035,000
6/30/2016	4,155,672.00	5.66%	8,675,000
6/30/2017	4,156,113.20	5.79%	9,340,000
6/30/2018	4,145,716.80	5.91%	10,040,000
6/30/2019	4,113,332.80	6.03%	10,760,000
6/30/2020	4,101,696.00	6.10%	11,520,000
6/30/2021	4,069,439.80	6.18%	12,310,000
6/30/2022	4,047,944.30	6.23%	13,135,000
6/30/2023	4,037,609.35	6.25%	13,985,000

Series 2003 B Obligations

Aggregate principal amount of Series 2003 B Obligations: \$80,515,000

Obligation Date: April 23, 2003

Obligation Maturities and Interest Rates:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2024	\$14,880,000	5.66%
2025	16,650,000	5.67%
2026	18,575,000	5.68%
2028	30,410,000	5.60%

Series 2003 B Obligation interest is payable on June 30 and December 30 of each year, commencing December 30, 2003.

EXHIBIT B

Prepayment

Series 2003 B Obligations

Optional Prepayment

The Obligations are not subject to optional prepayment prior to maturity.

Mandatory Prepayment

The Series 2003 B Obligation due June 30, 2028 (the "2028 Term Obligation") is subject to mandatory prepayment prior to its stated maturity, in part, *pro rata* among Owners of the 2028 Term Obligation, on June 30, 2027, at the principal amount thereof together with accrued interest thereon to the date fixed for prepayment, without premium, solely from mandatory sinking fund payments deposited into the Obligation Account for the Obligations, as follows:

2028 Term Obligation Maturing June 30, 2028

<u>Payment Date (June 30)</u>	<u>Mandatory Prepayment</u>
6/30/2027	\$ 20,640,000
6/30/2028	9,770,000*
	<u>\$ 30,410,000</u>

The 2028 Obligation shall be selected for prepayment pursuant to Section 2.5 of this Series 2003 Trust Agreement.

* final maturity

EXHIBIT C

(Form of Obligation)

No. R-«BondNumber»

\$«MaturityAmt»

**UNITED STATES OF AMERICA
STATE OF OREGON
Oregon Community College Districts Limited Tax Pension Obligations
Series 2003 A
(Deferred Interest Obligations)**

Dated Date: April 23, 2003

Approximate Yield to Maturity: «CouponRate»%

Maturity Date: June 30, «MaturityYear»

CUSIP Number: «CUSIPNumber»

Registered Owner: -----Cede & Co.-----

Maturity Amount: -----«MaturityAmtSpelled» Dollars-----

This is to certify that the Registered Owner named above (the "Owner") is the owner of a proportionate and undivided interest in and right to receive the principal components of the Pension Bond Payments which are scheduled to be paid on the Maturity Date indicated above and the interest component of the Pension Bond Payments which accrue on those principal components, as defined and provided in the Series 2003 Trust Agreement between Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee"), and the Series 2003 Issuers of the Series 2003 Pension Bonds named therein which is dated as of April 23, 2003 and relates to this Series 2003 A Obligation (the "Series 2003 Trust Agreement").

This Series 2003 A Obligation is a deferred interest obligation. The Maturity Amount of this Series 2003 A Obligation represents the original principal amount, plus accrued, compounded interest to the Maturity Date. No Payments are due to the Owner of this Series 2003 A Obligation until the stated Maturity Date.

Interest on this Series 2003 A Obligation will compound on each June 30 and December 30, commencing June 30, 2003 (each a "Compounding Date"), at the approximate yield to maturity set forth on the inside cover of the final Official Statement dated April 10, 2003 (together with the principal thereof, the "Accreted Value"). The Accreted Value, as set forth in the Accreted Value Table in the final Official Statement, is the total amount of principal and accrued interest represented by this Series 2003 A Obligation determined for each Compounding Date.

This Series 2003 A Obligation is one of the \$73,067,299.60 aggregate original principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 A (Deferred Interest Obligations), executed and delivered by the Series 2003 Trustee pursuant to the Series 2003 Trust Agreement. The Series 2003 Trust Agreement specifies the terms on which the Obligations are delivered, the rights of the Owners of the Series 2003 A Obligations, the rights, duties and immunities of the Series 2003 Trustee and the rights and obligations of the Series 2003 Issuers of the Series 2003 Pension Bonds. The terms of the Series 2003 Trust Agreement are hereby incorporated into this Series 2003 A Obligation by this reference. Capitalized terms used, but not defined, in this Series 2003 A Obligation have the meanings defined for such terms in the Series 2003 Trust Agreement.

The Series 2003 Issuers have issued the Series 2003 Pension Bonds to finance liabilities to the Oregon Public Employees Retirement System. The Series 2003 Issuers have sold the Series 2003 Pension

Bonds to the Series 2003 Trustee. The Series 2003 Trustee holds its right to receive Pension Bond Payments in trust for the benefit of the Owner pursuant to the Series 2003 Trust Agreement.

Each Series 2003 Pension Bond is a full faith and credit obligation of its Series 2003 Issuer, which its Series 2003 Issuer is obligated to pay from any legally available funds as more specifically set forth in each Series 2003 Pension Bond.

The Series 2003 A Obligations are not subject to prepayment.

The Series 2003 Trustee has no obligation or liability to the Owners to pay the Series 2003 A Obligations from any source except the Pension Bond Payments and from any amounts available in the funds and accounts established under the Series 2003 Trust Agreement.

The ownership of this Series 2003 A Obligation is transferable only as provided in the Series 2003 Trust Agreement.

This Series 2003 A Obligation shall remain in the Series 2003 Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Series 2003 Trustee and The Depository Trust Company.

IN WITNESS WHEREOF, this Series 2003 A Obligation has been executed and delivered by Wells Fargo Bank Northwest, National Association, as Series 2003 Trustee, acting pursuant to the Series 2003 Trust Agreement.

Wells Fargo Bank Northwest,
National Association, as Series 2003 Trustee

By: _____
Authorized Officer

THIS CERTIFICATE SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 A (Deferred Interest Obligations) issued in accordance with the Series 2003 Trust Agreement described herein.

Date of authentication: April 23, 2003.

Wells Fargo Bank Northwest, National Association, as Paying Agent

Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) (the "Obligations"), such policy being on file at the principal office of Wells Fargo Bank Northwest, National Association (the "Paying Agent"):

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue - 11th Floor
Portland, OR 97201
Telephone: (503) 886-1367
Facsimile: (503) 886-3300

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Obligationholders that portion of the principal of and interest on the Obligations which is then due for payment and which the Series 2003 Issuers of the Obligations (collectively, the "Series 2003 Issuers") shall have failed to provide. Due for payment means, with respect to principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund prepayment and does not refer to any earlier date on which the payment of principal of the Obligations is due by reason of call for prepayment (other than mandatory sinking fund prepayment), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Obligationholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Series 2003 Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Series 2003 Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Obligationholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Obligationholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Obligationholder.

As used herein the term "Obligationholder" means the person other than the Series 2003 Issuer or the borrower(s) of Obligation proceeds who at the time of nonpayment of a Obligation is entitled under the terms of such Obligation to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ASSIGNMENT

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

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

this Series 2003 A Obligation and does hereby irrevocably constitute and appoint
as attorney to transfer this Series 2003 A 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 Series 2003 A Obligation in every particular, without alteration or enlargement
or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member
of the New York Stock Exchange or a commercial
bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2003 A
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.

LEGAL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

April 23, 2003

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

Re: *Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)*

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

(Form of Obligation)

No. R-«BondNumber»

\$«PrincipalAmt»

UNITED STATES OF AMERICA
STATE OF OREGON
Oregon Community College Districts Limited Tax Pension Obligations
Series 2003 B
(Current Interest Obligations)

Dated Date: April 23, 2003
Interest Rate: «CouponRate»%
Maturity Date: June 30, «MaturityYear»
CUSIP Number: «CUSIPNumber»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

This is to certify that the Registered Owner named above (the "Owner") is the owner of a proportionate and undivided interest in and right to receive the principal components of the Pension Bond Payments which are scheduled to be paid on the Maturity Date indicated above and the interest component of the Pension Bond Payments which accrue on those principal components, as defined and provided in the Series 2003 Trust Agreement between Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee"), and the Series 2003 Issuers of the Series 2003 Pension Bonds named therein which is dated as of April 23, 2003 and relates to this Series 2003 B Obligation (the "Series 2003 Trust Agreement").

This Series 2003 B Obligation is one of the \$80,515,000 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 B (Current Interest Obligations), executed and delivered by the Series 2003 Trustee pursuant to the Series 2003 Trust Agreement. The Series 2003 Trust Agreement specifies the terms on which the Series 2003 B Obligations are delivered, the rights of the Owners of the Obligations, the rights, duties and immunities of the Series 2003 Trustee and the rights and obligations of the Series 2003 Issuers of the Series 2003 Pension Bonds. The terms of the Series 2003 Trust Agreement are hereby incorporated into this Series 2003 B Obligation by this reference. Capitalized terms used, but not defined, in this Series 2003 B Obligation have the meanings defined for such terms in the Series 2003 Trust Agreement.

This Series 2003 B Obligation represents an ownership interest in and a right to receive (a) up to the Principal Amount identified above, representing a portion of the principal component (based on the Principal Amount of this Series 2003 B Obligation identified above) of the Pension Bond Payments due on the maturity date of this Series 2003 B Obligation, whether that payment is made at maturity or is prepaid, and, (b) the interest components of the Pension Bond Payments which are allocable to that principal component. Interest payments are scheduled to be made on June 30 and December 30 of each year (the "Payment Dates" or singularly, "Payment Date"), commencing December 30, 2003.

The Series 2003 Issuers have issued the Series 2003 Pension Bonds to finance liabilities to the Oregon Public Employees Retirement System. The Series 2003 Issuers have sold the Series 2003 Pension Bonds to the Series 2003 Trustee. The Series 2003 Trustee holds its right to receive Pension Bond Payments in trust for the benefit of the Owner pursuant to the Series 2003 Trust Agreement.

Each Series 2003 Pension Bond is a full faith and credit obligation of its Series 2003 Issuer, which its Series 2003 Issuer is obligated to pay from any legally available funds as more specifically set forth in each Series 2003 Pension Bond.

The Series 2003 B Obligations are subject to mandatory prepayment on the terms specified in the Series 2003 Trust Agreement.

The Series 2003 Trustee has no obligation or liability to the Owners to pay the Series 2003 B Obligations from any source except the Pension Bond Payments and from any amounts available in the funds and accounts established under the Series 2003 Trust Agreement.

The ownership of this Series 2003 B Obligation is transferable only as provided in the Series 2003 Trust Agreement.

This Series 2003 B Obligation shall remain in the Series 2003 Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Series 2003 Trustee and The Depository Trust Company.

IN WITNESS WHEREOF, this Series 2003 B Obligation has been executed and delivered by Wells Fargo Bank Northwest, National Association, as Series 2003 Trustee, acting pursuant to the Series 2003 Trust Agreement.

Wells Fargo Bank Northwest,
National Association, as Series 2003 Trustee

By: _____
Authorized Officer

THIS CERTIFICATE SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 B (Current Interest Obligation) issued in accordance with the Series 2003 Trust Agreement described herein.

Date of authentication: April 23, 2003.

Wells Fargo Bank Northwest, National Association, as Paying Agent

Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) (the "Obligations"), such policy being on file at the principal office of Wells Fargo Bank Northwest, National Association (the "Paying Agent"):

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201
Telephone: (503) 886-1367
Facsimile: (503) 886-3300

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Obligationholders that portion of the principal of and interest on the Obligations which is then due for payment and which the Series 2003 Issuers of the Obligations (collectively, the "Series 2003 Issuers") shall have failed to provide. Due for payment means, with respect to principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund prepayment and does not refer to any earlier date on which the payment of principal of the Obligations is due by reason of call for prepayment (other than mandatory sinking fund prepayment), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Obligationholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Series 2003 Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Series 2003 Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Obligationholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Obligationholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Obligationholder.

As used herein the term "Obligationholder" means the person other than the Series 2003 Issuer or the borrower(s) of Obligation proceeds who at the time of nonpayment of a Obligation is entitled under the terms of such Obligation to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ASSIGNMENT

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

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

this Series 2003 B Obligation and does hereby irrevocably constitute and appoint as attorney to transfer this Series 2003 B 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 Series 2003 B Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2003 B 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.

LEGAL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

April 23, 2003

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

Re: *Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)*

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

7. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

8. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

9. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

10. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

11. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

12. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

EXHIBIT D

This exhibit lists the Series 2003 Issuers of Series 2003 Pension Bonds in alphabetical order, with the payment schedule for each Series 2003 Issuer's Series 2003 Pension Bonds. There are 6 Series 2003 Issuers of Series 2003 Pension Bonds.

Series 2003 Name: **Central Oregon Community College District**
 Issuer #1:

Notice Address: 2600 NW College Way, Bend, OR 97701-5998

Principal Amount of Series 2003 Pension Bond: \$11,535,637.70

Dated date of Series 2003 Pension Bond: April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		237,766.32	237,766.32
06/30/2004	0.00		173,271.00	173,271.00
12/30/2004	0.00		173,271.00	173,271.00
06/30/2005	33,480.65	2.04	174,790.35	208,271.00
12/30/2005	0.00		173,271.00	173,271.00
06/30/2006	233,893.65	2.73	194,377.35	428,271.00
12/30/2006	0.00		173,271.00	173,271.00
06/30/2007	252,555.20	3.33	210,715.80	463,271.00
12/30/2007	0.00		173,271.00	173,271.00
06/30/2008	264,454.40	3.71	228,816.60	493,271.00
12/30/2008	0.00		173,271.00	173,271.00
06/30/2009	279,219.60	4.15	254,051.40	533,271.00
12/30/2009	0.00		173,271.00	173,271.00
06/30/2010	287,694.30	4.46	280,576.70	568,271.00
12/30/2010	0.00		173,271.00	173,271.00
06/30/2011	296,439.45	4.74	311,831.55	608,271.00
12/30/2011	0.00		173,271.00	173,271.00
06/30/2012	306,585.60	4.94	346,685.40	653,271.00
12/30/2012	0.00		173,271.00	173,271.00
06/30/2013	310,398.40	5.13	382,872.60	693,271.00
12/30/2013	0.00		173,271.00	173,271.00
06/30/2014	313,004.35	5.35	425,266.65	738,271.00
12/30/2014	0.00		173,271.00	173,271.00
06/30/2015	316,731.15	5.52	471,539.85	788,271.00
12/30/2015	0.00		173,271.00	173,271.00
06/30/2016	316,166.40	5.66	517,104.60	833,271.00
12/30/2016	0.00		173,271.00	173,271.00
06/30/2017	315,935.80	5.79	567,335.20	883,271.00

12/30/2017	0.00		173,271.00	173,271.00
06/30/2018	315,883.80	5.91	622,387.20	938,271.00
12/30/2018	0.00		173,271.00	173,271.00
06/30/2019	313,469.60	6.03	679,801.40	993,271.00
12/30/2019	0.00		173,271.00	173,271.00
06/30/2020	313,324.00	6.10	739,947.00	1,053,271.00
12/30/2020	0.00		173,271.00	173,271.00
06/30/2021	310,745.20	6.18	802,525.80	1,113,271.00
12/30/2021	0.00		173,271.00	173,271.00
06/30/2022	308,180.00	6.23	865,091.00	1,173,271.00
12/30/2022	0.00		173,271.00	173,271.00
06/30/2023	307,476.15	6.25	930,794.85	1,238,271.00
12/30/2023	0.00		173,271.00	173,271.00
06/30/2024	1,135,000.00	5.66	173,271.00	1,308,271.00
12/30/2024	0.00		141,150.50	141,150.50
06/30/2025	1,270,000.00	5.67	141,150.50	1,411,150.50
12/30/2025	0.00		105,146.00	105,146.00
06/30/2026	1,415,000.00	5.68	105,146.00	1,520,146.00
12/30/2026	0.00		64,960.00	64,960.00
06/30/2027	1,575,000.00	5.60	64,960.00	1,639,960.00
12/30/2027	0.00		20,860.00	20,860.00
06/30/2028	745,000.00	5.60	20,860.00	765,860.00

Series 2003 Name:
Issuer #2:

Chemeketa Community College District

Notice Address:

4000 Lancaster Dr. NE, Salem, OR 97309-7070

Principal Amount of Series 2003
Pension Bond:

\$25,374,368.95

Dated date of Series 2003 Pension
Bond:

April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		515,226.22	515,226.22
06/30/2004	142,619.10		377,849.40	520,468.50
12/30/2004	0.00		375,468.50	375,468.50
06/30/2005	301,325.85	2.04	389,142.65	690,468.50
12/30/2005	0.00		375,468.50	375,468.50
06/30/2006	504,476.50	2.73	420,992.00	925,468.50
12/30/2006	0.00		375,468.50	375,468.50
06/30/2007	544,300.00	3.33	456,168.50	1,000,468.50
12/30/2007	0.00		375,468.50	375,468.50

06/30/2008	578,494.00	3.71	496,974.50	1,075,468.50
12/30/2008	0.00		375,468.50	375,468.50
06/30/2009	601,097.75	4.15	549,370.75	1,150,468.50
12/30/2009	0.00		375,468.50	375,468.50
06/30/2010	626,372.40	4.46	609,096.10	1,235,468.50
12/30/2010	0.00		375,468.50	375,468.50
06/30/2011	643,989.15	4.74	676,479.35	1,320,468.50
12/30/2011	0.00		375,468.50	375,468.50
06/30/2012	661,075.20	4.94	749,393.30	1,410,468.50
12/30/2012	0.00		375,468.50	375,468.50
06/30/2013	674,519.60	5.13	830,948.90	1,505,468.50
12/30/2013	0.00		375,468.50	375,468.50
06/30/2014	678,637.75	5.35	921,830.75	1,600,468.50
12/30/2014	0.00		375,468.50	375,468.50
06/30/2015	684,963.30	5.52	1,020,505.20	1,705,468.50
12/30/2015	0.00		375,468.50	375,468.50
06/30/2016	687,422.40	5.66	1,123,046.10	1,810,468.50
12/30/2016	0.00		375,468.50	375,468.50
06/30/2017	687,494.10	5.79	1,232,974.40	1,920,468.50
12/30/2017	0.00		375,468.50	375,468.50
06/30/2018	685,447.20	5.91	1,350,021.30	2,035,468.50
12/30/2018	0.00		375,468.50	375,468.50
06/30/2019	680,458.40	6.03	1,475,010.10	2,155,468.50
12/30/2019	0.00		375,468.50	375,468.50
06/30/2020	678,275.25	6.10	1,602,193.25	2,280,468.50
12/30/2020	0.00		375,468.50	375,468.50
06/30/2021	672,730.30	6.18	1,737,738.20	2,410,468.50
12/30/2021	0.00		375,468.50	375,468.50
06/30/2022	668,750.60	6.23	1,876,717.90	2,545,468.50
12/30/2022	0.00		375,468.50	375,468.50
06/30/2023	666,920.10	6.25	2,018,548.40	2,685,468.50
12/30/2023	0.00		375,468.50	375,468.50
06/30/2024	2,460,000.00	5.66	375,468.50	2,835,468.50
12/30/2024	0.00		305,850.50	305,850.50
06/30/2025	2,750,000.00	5.67	305,850.50	3,055,850.50
12/30/2025	0.00		227,888.00	227,888.00
06/30/2026	3,070,000.00	5.68	227,888.00	3,297,888.00
12/30/2026	0.00		140,700.00	140,700.00
06/30/2027	3,410,000.00	5.60	140,700.00	3,550,700.00
12/30/2027	0.00		45,220.00	45,220.00
06/30/2028	1,615,000.00	5.60	45,220.00	1,660,220.00

Series 2003 Name:
Issuer #3:

Columbia Gorge Community College District

Notice Address:

400 Scenic Dr., The Dalles, OR 97058-3434

Principal Amount of Series 2003
Pension Bond:

\$3,570,327.10

Dated date of Series 2003 Pension
Bond:

April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
	<u>Installment</u>		<u>Payment</u>	<u>Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		70,476.99	70,476.99
06/30/2004	59,014.80		52,344.95	111,359.75
12/30/2004	0.00		51,359.75	51,359.75
06/30/2005	81,310.15	2.04	55,049.60	136,359.75
12/30/2005	0.00		51,359.75	51,359.75
06/30/2006	68,792.25	2.73	57,567.50	126,359.75
12/30/2006	0.00		51,359.75	51,359.75
06/30/2007	74,024.80	3.33	62,334.95	136,359.75
12/30/2007	0.00		51,359.75	51,359.75
06/30/2008	82,642.00	3.71	68,717.75	151,359.75
12/30/2008	0.00		51,359.75	51,359.75
06/30/2009	85,317.10	4.15	76,042.65	161,359.75
12/30/2009	0.00		51,359.75	51,359.75
06/30/2010	87,400.80	4.46	83,958.95	171,359.75
12/30/2010	0.00		51,359.75	51,359.75
06/30/2011	88,591.10	4.74	92,768.65	181,359.75
12/30/2011	0.00		51,359.75	51,359.75
06/30/2012	92,614.40	4.94	103,745.35	196,359.75
12/30/2012	0.00		51,359.75	51,359.75
06/30/2013	92,522.60	5.13	113,837.15	206,359.75
12/30/2013	0.00		51,359.75	51,359.75
06/30/2014	94,178.30	5.35	127,181.45	221,359.75
12/30/2014	0.00		51,359.75	51,359.75
06/30/2015	95,276.85	5.52	141,082.90	236,359.75
12/30/2015	0.00		51,359.75	51,359.75
06/30/2016	95,808.00	5.66	155,551.75	251,359.75
12/30/2016	0.00		51,359.75	51,359.75
06/30/2017	95,670.70	5.79	170,689.05	266,359.75
12/30/2017	0.00		51,359.75	51,359.75
06/30/2018	94,971.60	5.91	186,388.15	281,359.75
12/30/2018	0.00		51,359.75	51,359.75
06/30/2019	93,658.60	6.03	202,701.15	296,359.75
12/30/2019	0.00		51,359.75	51,359.75
06/30/2020	92,573.00	6.10	218,786.75	311,359.75

12/30/2020	0.00		51,359.75	51,359.75
06/30/2021	92,562.40	6.18	238,797.35	331,359.75
12/30/2021	0.00		51,359.75	51,359.75
06/30/2022	92,454.00	6.23	258,905.75	351,359.75
12/30/2022	0.00		51,359.75	51,359.75
06/30/2023	90,943.65	6.25	275,416.10	366,359.75
12/30/2023	0.00		51,359.75	51,359.75
06/30/2024	335,000.00	5.66	51,359.75	386,359.75
12/30/2024	0.00		41,879.25	41,879.25
06/30/2025	375,000.00	5.67	41,879.25	416,879.25
12/30/2025	0.00		31,248.00	31,248.00
06/30/2026	420,000.00	5.68	31,248.00	451,248.00
12/30/2026	0.00		19,320.00	19,320.00
06/30/2027	465,000.00	5.60	19,320.00	484,320.00
12/30/2027	0.00		6,300.00	6,300.00
06/30/2028	225,000.00	5.60	6,300.00	231,300.00

Series 2003 Name:
Issuer #4:

Lane Community College District

Notice Address: 4000 E 30th Ave., Eugene, OR 97405-0640

Principal Amount of Series 2003 Pension Bond: \$51,803,948.25

Dated date of Series 2003 Pension Bond: April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>	<u>Interest Payment</u>	<u>Total Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		1,049,235.07	1,049,235.07
06/30/2004	373,760.40		770,864.35	1,144,624.75
12/30/2004	0.00		764,624.75	764,624.75
06/30/2005	698,310.70	2.04	796,314.05	1,494,624.75
12/30/2005	0.00		764,624.75	764,624.75
06/30/2006	1,022,711.45	2.73	856,913.30	1,879,624.75
12/30/2006	0.00		764,624.75	764,624.75
06/30/2007	1,101,663.20	3.33	927,961.55	2,029,624.75
12/30/2007	0.00		764,624.75	764,624.75
06/30/2008	1,173,516.40	3.71	1,011,108.35	2,184,624.75
12/30/2008	0.00		764,624.75	764,624.75
06/30/2009	1,225,463.80	4.15	1,119,160.95	2,344,624.75
12/30/2009	0.00		764,624.75	764,624.75
06/30/2010	1,274,595.00	4.46	1,240,029.75	2,514,624.75
12/30/2010	0.00		764,624.75	764,624.75

06/30/2011	1,311,829.75	4.74	1,377,795.00	2,689,624.75
12/30/2011	0.00		764,624.75	764,624.75
06/30/2012	1,344,505.60	4.94	1,525,119.15	2,869,624.75
12/30/2012	0.00		764,624.75	764,624.75
06/30/2013	1,369,931.40	5.13	1,689,693.35	3,059,624.75
12/30/2013	0.00		764,624.75	764,624.75
06/30/2014	1,382,205.05	5.35	1,877,419.70	3,259,624.75
12/30/2014	0.00		764,624.75	764,624.75
06/30/2015	1,390,527.00	5.52	2,074,097.75	3,464,624.75
12/30/2015	0.00		764,624.75	764,624.75
06/30/2016	1,396,401.60	5.66	2,283,223.15	3,679,624.75
12/30/2016	0.00		764,624.75	764,624.75
06/30/2017	1,397,237.20	5.79	2,507,387.55	3,904,624.75
12/30/2017	0.00		764,624.75	764,624.75
06/30/2018	1,393,605.00	5.91	2,746,019.75	4,139,624.75
12/30/2018	0.00		764,624.75	764,624.75
06/30/2019	1,383,853.60	6.03	3,000,771.15	4,384,624.75
12/30/2019	0.00		764,624.75	764,624.75
06/30/2020	1,379,693.75	6.10	3,259,931.00	4,639,624.75
12/30/2020	0.00		764,624.75	764,624.75
06/30/2021	1,368,601.20	6.18	3,536,023.55	4,904,624.75
12/30/2021	0.00		764,624.75	764,624.75
06/30/2022	1,362,155.60	6.23	3,822,469.15	5,184,624.75
12/30/2022	0.00		764,624.75	764,624.75
06/30/2023	1,358,380.55	6.25	4,111,244.20	5,469,624.75
12/30/2023	0.00		764,624.75	764,624.75
06/30/2024	5,010,000.00	5.66	764,624.75	5,774,624.75
12/30/2024	0.00		622,841.75	622,841.75
06/30/2025	5,605,000.00	5.67	622,841.75	6,227,841.75
12/30/2025	0.00		463,940.00	463,940.00
06/30/2026	6,250,000.00	5.68	463,940.00	6,713,940.00
12/30/2026	0.00		286,440.00	286,440.00
06/30/2027	6,945,000.00	5.60	286,440.00	7,231,440.00
12/30/2027	0.00		91,980.00	91,980.00
06/30/2028	3,285,000.00	5.60	91,980.00	3,376,980.00

Series 2003 Name:
Issuer #5:

Mt. Hood Community College District

Notice Address: 26000 SE Stark St., Gresham, OR 97030-3300

Principal Amount of Series 2003 Pension Bond: \$50,596,537.25

Dated date of Series 2003 Pension Bond: April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal</u> <u>Installment</u>	<u>Interest Rate</u>	<u>Interest</u> <u>Payment</u>	<u>Total</u> <u>Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		1,024,837.65	1,024,837.65
06/30/2004	363,924.60		752,920.65	1,116,845.25
12/30/2004	0.00		746,845.25	746,845.25
06/30/2005	683,961.85	2.04	777,883.40	1,461,845.25
12/30/2005	0.00		746,845.25	746,845.25
06/30/2006	999,780.70	2.73	837,064.55	1,836,845.25
12/30/2006	0.00		746,845.25	746,845.25
06/30/2007	1,075,536.80	3.33	906,308.45	1,981,845.25
12/30/2007	0.00		746,845.25	746,845.25
06/30/2008	1,144,591.70	3.71	987,253.55	2,131,845.25
12/30/2008	0.00		746,845.25	746,845.25
06/30/2009	1,194,439.40	4.15	1,092,405.85	2,286,845.25
12/30/2009	0.00		746,845.25	746,845.25
06/30/2010	1,241,819.70	4.46	1,210,025.55	2,451,845.25
12/30/2010	0.00		746,845.25	746,845.25
06/30/2011	1,281,163.60	4.74	1,345,681.65	2,626,845.25
12/30/2011	0.00		746,845.25	746,845.25
06/30/2012	1,312,569.60	4.94	1,489,275.65	2,801,845.25
12/30/2012	0.00		746,845.25	746,845.25
06/30/2013	1,337,100.80	5.13	1,649,744.45	2,986,845.25
12/30/2013	0.00		746,845.25	746,845.25
06/30/2014	1,348,965.65	5.35	1,832,879.60	3,181,845.25
12/30/2014	0.00		746,845.25	746,845.25
06/30/2015	1,359,626.40	5.52	2,027,218.85	3,386,845.25
12/30/2015	0.00		746,845.25	746,845.25
06/30/2016	1,365,264.00	5.66	2,231,581.25	3,596,845.25
12/30/2016	0.00		746,845.25	746,845.25
06/30/2017	1,366,088.60	5.79	2,450,756.65	3,816,845.25
12/30/2017	0.00		746,845.25	746,845.25
06/30/2018	1,362,636.00	5.91	2,684,209.25	4,046,845.25
12/30/2018	0.00		746,845.25	746,845.25
06/30/2019	1,351,359.80	6.03	2,930,485.45	4,281,845.25
12/30/2019	0.00		746,845.25	746,845.25
06/30/2020	1,347,649.25	6.10	3,184,196.00	4,531,845.25

12/30/2020	0.00		746,845.25	746,845.25
06/30/2021	1,337,196.10	6.18	3,454,649.15	4,791,845.25
12/30/2021	0.00		746,845.25	746,845.25
06/30/2022	1,329,796.70	6.23	3,732,048.55	5,061,845.25
12/30/2022	0.00		746,845.25	746,845.25
06/30/2023	1,328,066.00	6.25	4,018,779.25	5,346,845.25
12/30/2023	0.00		746,845.25	746,845.25
06/30/2024	4,890,000.00	5.66	746,845.25	5,636,845.25
12/30/2024	0.00		608,458.25	608,458.25
06/30/2025	5,475,000.00	5.67	608,458.25	6,083,458.25
12/30/2025	0.00		453,242.00	453,242.00
06/30/2026	6,105,000.00	5.68	453,242.00	6,558,242.00
12/30/2026	0.00		279,860.00	279,860.00
06/30/2027	6,785,000.00	5.60	279,860.00	7,064,860.00
12/30/2027	0.00		89,880.00	89,880.00
06/30/2028	3,210,000.00	5.60	89,880.00	3,299,880.00

Series 2003 Name:
Issuer #6:

Treasure Valley Community College District

Notice Address:

650 College Blvd., Ontario, OR 97914-3498

Principal Amount of Series 2003
Pension Bond:

\$10,701,480.35

Dated date of Series 2003 Pension
Bond:

April 23, 2003

Payment Schedule for Series 2003 Pension Bond:

<u>Date</u>	<u>Principal</u> <u>Installment</u>	<u>Interest Rate</u>	<u>Interest</u> <u>Payment</u>	<u>Total</u> <u>Payment</u>
04/23/2003	\$ 0.00		\$ 0.00	\$ 0.00
06/30/2003	0.00		0.00	0.00
12/30/2003	0.00		220,340.81	220,340.81
06/30/2004	0.00		160,572.25	160,572.25
12/30/2004	0.00		160,572.25	160,572.25
06/30/2005	47,829.50	2.04	162,742.75	210,572.25
12/30/2005	0.00		160,572.25	160,572.25
06/30/2006	215,549.05	2.73	180,023.20	395,572.25
12/30/2006	0.00		160,572.25	160,572.25
06/30/2007	230,783.20	3.33	194,789.05	425,572.25
12/30/2007	0.00		160,572.25	160,572.25
06/30/2008	247,926.00	3.71	212,646.25	460,572.25
12/30/2008	0.00		160,572.25	160,572.25
06/30/2009	255,951.30	4.15	234,620.95	490,572.25
12/30/2009	0.00		160,572.25	160,572.25
06/30/2010	265,844.10	4.46	259,728.15	525,572.25
12/30/2010	0.00		160,572.25	160,572.25

06/30/2011	275,995.35	4.74	289,576.90	565,572.25
12/30/2011	0.00		160,572.25	160,572.25
06/30/2012	281,036.80	4.94	319,535.45	600,572.25
12/30/2012	0.00		160,572.25	160,572.25
06/30/2013	286,521.60	5.13	354,050.65	640,572.25
12/30/2013	0.00		160,572.25	160,572.25
06/30/2014	290,844.75	5.35	394,727.50	685,572.25
12/30/2014	0.00		160,572.25	160,572.25
06/30/2015	290,980.65	5.52	434,591.60	725,572.25
12/30/2015	0.00		160,572.25	160,572.25
06/30/2016	294,609.60	5.66	480,962.65	775,572.25
12/30/2016	0.00		160,572.25	160,572.25
06/30/2017	293,686.80	5.79	526,885.45	820,572.25
12/30/2017	0.00		160,572.25	160,572.25
06/30/2018	293,173.20	5.91	577,399.05	870,572.25
12/30/2018	0.00		160,572.25	160,572.25
06/30/2019	290,532.80	6.03	630,039.45	920,572.25
12/30/2019	0.00		160,572.25	160,572.25
06/30/2020	290,180.75	6.10	685,391.50	975,572.25
12/30/2020	0.00		160,572.25	160,572.25
06/30/2021	287,604.60	6.18	742,967.65	1,030,572.25
12/30/2021	0.00		160,572.25	160,572.25
06/30/2022	286,607.40	6.23	803,964.85	1,090,572.25
12/30/2022	0.00		160,572.25	160,572.25
06/30/2023	285,822.90	6.25	864,749.35	1,150,572.25
12/30/2023	0.00		160,572.25	160,572.25
06/30/2024	1,050,000.00	5.66	160,572.25	1,210,572.25
12/30/2024	0.00		130,857.25	130,857.25
06/30/2025	1,175,000.00	5.67	130,857.25	1,305,857.25
12/30/2025	0.00		97,546.00	97,546.00
06/30/2026	1,315,000.00	5.68	97,546.00	1,412,546.00
12/30/2026	0.00		60,200.00	60,200.00
06/30/2027	1,460,000.00	5.60	60,200.00	1,520,200.00
12/30/2027	0.00		19,320.00	19,320.00
06/30/2028	690,000.00	5.60	19,320.00	709,320.00

EXHIBIT E

PAYMENTS FROM PROCEEDS ACCOUNT

<u>Series 2003 Issuer</u>	<u>Payment of UAL</u>	<u>Costs of Issuance</u>	<u>Proceeds Account</u>
Central Oregon Community College District	\$11,326,572	\$ 59,403.31	\$ 11,385,975.31
Chemeketa Community College District	25,000,000	67,606.50	25,067,606.50
Columbia Gorge Community College District	3,471,807	46,847.41	3,518,654.41
Lane Community College District	51,154,369	41,419.12	51,195,788.12
Mt. Hood Community College District	49,929,475	73,533.28	50,003,008.28
Treasure Valley Community College District	10,536,250	27,890.38	10,564,140.38

EXHIBIT F

SERIES 2003 TRUSTEE'S CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Series 2003 Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003 A (the "2003 A Obligations") and the Limited Tax Pension Obligations, Series 2003 B (the "2003 B Obligations"; together with the Series 2003 A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and resolutions adopted by the governing bodies of the Series 2003 Issuers (the "Resolutions"). The Obligations are issued pursuant to a Series 2003 Trust Agreement dated as of April 23, 2003, by and among the Series 2003 Issuers and the Series 2003 Trustee (the "Series 2003 Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Series 2003 Trust Agreement. The Series 2003 Trustee covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Series 2003 Trustee for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Citigroup Global Markets (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 CFR Pt. 240, § 240.15c2-12) (the "Rule").

Section 2. Material Events. The Series 2003 Trustee agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events with respect to the Obligations, if material; provided, however, such notice shall specify (x) the nature of such event and (y) the Series 2003 Issuer(s) to which such event shall be attributable:

- c) principal and interest payment delinquencies;
- d) non-payment related defaults;
- e) unscheduled draws on debt service reserves reflecting financial difficulties;
- f) unscheduled draws on credit enhancements reflecting financial difficulties;
- g) substitution of credit or liquidity providers, or their failure to perform;
- h) adverse tax opinions or events affecting the tax-exempt status of the Obligations;
- i) modifications to rights of holders of the Obligations;
- j) bond calls;
- k) defeasances;

l) release, substitution, or sale of property securing repayment of the Obligations; and

m) rating changes.

In determining whether any of the above listed events is material, the Series 2003 Trustee may rely upon an opinion of counsel.

Section 3. Dissemination Agent. The Series 2003 Trustee may, from time to time, engage or appoint an agent to assist the Series 2003 Trustee in disseminating information hereunder (the "Dissemination Agent"). The Series 2003 Trustee may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 4. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Series 2003 Trustee's obligations hereunder shall terminate if and when there shall occur either prepayment in full of the Bonds and prepayment of the Obligations, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 6 below, the Series 2003 Trustee may rescind its obligations under this Certificate, in whole or in part, if (i) the Series 2003 Trustee obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Series 2003 Trustee notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 5. Enforceability and Remedies. The Series 2003 Trustee agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Series 2003 Trustee, holders of the Obligations, and any Dissemination Agent.

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the Series 2003 Trustee may amend this Certificate under the following conditions:

a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Series 2003 Trustee (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 7. Resignation or Removal as Series 2003 Trustee. The Series 2003 Trustee's obligation hereunder will terminate upon its resignation or removal as Series 2003 Trustee provided such resignation or removal is made in accordance with the Series 2003 Trust Agreement and provided that the Series 2003 Issuers or a court of competent jurisdiction has appointed a successor Series 2003 Trustee under the terms of the Series 2003 Trust Agreement.

Section 8. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, acting solely
in its capacity as Series 2003 Trustee and not
individually

By: _____

Alice Garrett, Vice President

INTERCEPT AGREEMENT

by and among

Wells Fargo Bank Northwest, National Association,

as Trustee

and the

**Issuers of the
Limited Tax Pension Bonds
Described in the Attached Exhibit A**

and the

**Oregon Department of Community Colleges
and Workforce Development**

Dated as of April 23, 2003

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Exhibit A - List of Issuers

Exhibit B - Form of Request for Information

Exhibit C - Trustee for Future Pension Bonds

INTERCEPT AGREEMENT

This Intercept Agreement is dated as of April 23, 2003, and is entered into by and among the Issuers (as defined below), the Trustee (as defined below) and the OREGON DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT (the "Agency"). The parties hereby agree as follows:

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

(a) The Issuers are authorized to issue limited tax bonds as defined in ORS 288.150 to finance their pension liability pursuant to ORS 238.692 to 238.698 (the "Act");

(b) The Act authorizes the Issuers to enter into this agreement with the Agency;

(c) The Series 2003 Issuers have entered into a Trust Agreement, dated as of April 23, 2003, with the Series 2003 Trustee (the "Series 2003 Trust Agreement"); and

(d) The Series 2003 Issuers, Series 2003 Trustee and the Agency execute this intercept agreement (the "Intercept Agreement") to divert State Education Revenues, as defined below, to the Series 2003 Trustee for the purpose of paying the principal and interest and any premium on the Series 2003 Pension Bonds, and to provide for the diversion of State Education Revenues to any Future Pension Bonds by the Future Pension Bond Issuers.

Section 1.2 Definitions.

Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

"Act" means ORS 238.692 to 238.698.

"Agency" means the Oregon Department of Community Colleges and Workforce Development, an agency of the State of Oregon, or any successor agency charged with distributing any funds mandated pursuant to ORS 341.620.

"Bond Amount" means the outstanding principal amount of an Issuer's Pension Bonds at the time the Issuer enters into this Intercept Agreement, as revised pursuant to Article IV herein.

"Bond Payments" means the payments of principal, interest and premium, if any, due under each of the Pension Bonds.

"Business Day" means any day other than a Saturday, Sunday or a day on which the Trustee or the State is authorized by law to remain closed.

"Disbursement Schedule" refers to the schedule pursuant to which the Agency disburses State Education Revenues to Issuers in accordance with Article III hereof.

“Future Pension Bond Issuers” means the Oregon community college districts that issue Future Pension Bonds in accordance with Article IV, as shown in Exhibit A to this Intercept Agreement, or their successors. Such Future Pension Bond Issuers may or may not include some or all of the Series 2003 Issuers.

“Future Pension Bonds” means Pension Bonds, other than the Series 2003 Pension Bonds, that are issued by any Issuer in compliance with Article IV of this Intercept Agreement and which utilize this Intercept Agreement for the diversion of State Education Revenues.

“Insurer” means the insurer, if any, of the Series 2003 Pension Bonds or the obligations issued by the Trustee under the Series 2003 Trust Agreement, and any insurer of Future Pension Bonds or obligations secured by those Future Pension Bonds.

“Intercept Agreement” means this Intercept Agreement, including the exhibits attached hereto, and any amendments to this Intercept Agreement and its exhibits.

“Intercept Payments” means State Education Revenues transferred by the Agency to pay principal, interest and any premium on Pension Bonds pursuant to Section 3.1 of this Intercept Agreement.

“Intercept Schedule” means the schedule of Intercept Payments to the Trustee as further described in Section 3.1 hereof.

“Issuers” means Series 2003 Issuers and Future Pension Bond Issuers.

“Pension Bonds” means the Series 2003 Pension Bonds and any Future Pension Bonds.

“Security Payments” means the monthly payments that the Series 2003 Issuers are scheduled to make from September through May of each fiscal year in amounts which equal approximately 1/9th of the debt service on the Pension Bonds for each fiscal year. Intercept Payments received by the Trustee and any investment earnings available to the Trustee are credited against the obligation to make Security Payments as described in Section 3.1 hereof and in the Trust Agreement.

“Series 2003 Issuers” means the Oregon community college districts that issue Series 2003 Pension Bonds, as shown in Exhibit A to this Intercept Agreement, or their successors.

“Series 2003 Pension Bonds” means the Limited Tax Pension Bond or Bonds, Series 2003, dated as of April 23, 2003, issued by the Series 2003 Issuers.

“Series 2003 Trustee” means Wells Fargo Bank Northwest, National Association and its successors and assigns.

“Series 2003 Trust Agreement” means the Trust Agreement for the Series 2003 Pension Bonds with the Series 2003 Trustee.

“Special Counsel” means Preston Gates & Ellis LLP and its successors and assigns, or other nationally recognized bond counsel appointed at the request of the Issuers of 51% or more of the principal amount of Pension Bonds which are then outstanding.

“State” means the State of Oregon.

“State Education Revenues” means any funding for community college districts legally available to pay debt service on the Pension Bonds that is disbursed by the Agency.

“Trustee” means the Series 2003 Trustee and any trustee for Future Pension Bonds or obligations secured by Future Pension Bonds.

“Trust Agreement” means an agreement between a Trustee and one or more Issuers, which establishes a debt service trust fund with a Trustee for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act.

Section 1.3 Rules of Construction. References to section or article numbers in documents which do not specify the document in which the section or article is located shall be construed as references to section or article numbers in this Intercept Agreement.

ARTICLE II. REPRESENTATIONS, AUTHORIZATIONS, WARRANTIES AND COVENANTS OF ISSUERS, TRUSTEE AND THE AGENCY

Section 2.1 Representations, Authorizations, Warranties and Covenants of the Issuers. Each Issuer represents, authorizes, covenants and warrants for the benefit of the Trustee and the Agency as follows:

- (a) Each Issuer is a political subdivision of the State.
- (b) Each Issuer is authorized under the Act to enter into this Intercept Agreement and to perform all of its obligations under this Intercept Agreement.
- (c) Each Issuer has validly issued its Pension Bond and delivered it to the Trustee.
- (d) Each Issuer represents, covenants and warrants that all required action has been taken to ensure the enforceability of its obligations under this Intercept Agreement.
- (e) Each Issuer authorizes the Agency to divert State Education Revenues for the purpose of paying the debt service on each Issuer’s Pension Bonds from each Issuer’s portion of State Education Revenues in accordance with Section 2.3 hereof and pledges such diverted State Education Revenues to secure each Issuer’s Pension Bond.
- (f) Under ORS 288.594, such pledge of lien on and security interest in the State Education Revenues shall have the priority of lien provided for in ORS 288.594(4). ORS 288.594(2) provides that the Uniform Commercial Code does not apply to the creation, priority or enforcement of a lien of a pledge made by a public body such as each Issuer.
- (g) Each Issuer covenants not to enter into any other agreement with the Agency whereby State Education Revenues would be diverted in time or priority before diversion for the Pension Bonds.
- (h) Each Issuer authorizes the Trustee to invoice for and to receive moneys for the purpose of paying the debt service on its Pension Bond, diverted from each Issuer’s portion of State Education Revenues, and apply those moneys to make debt service payments, pursuant to the terms of this Intercept Agreement, the Trust Agreement and the Act.

(i) Each Issuer agrees to notify the Trustee of any actual or anticipated changes in the Disbursement Schedule within five (5) days of obtaining knowledge of such change.

Section 2.2 Representations, Warranties and Covenants of Trustee and Related Responsibilities of Agency. Each Trustee represents, covenants and warrants for the benefit of the Issuers for which it serves as Trustee and the Agency as follows:

(a) The Trustee is duly qualified to transact business of the type contemplated by this Intercept Agreement and the Trust Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Intercept Agreement will not violate the provisions of, or constitute a breach or default under, the articles of association, charter or bylaws of the Trustee or any agreement to which the Trustee is a party.

(c) The execution, delivery and performance by the Trustee of this Intercept Agreement and all related agreements, instruments and documents to which the Trustee is a party have been duly authorized and constitute legal, valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms.

(d) The Trust Agreement establishes a debt service trust fund with the Trustee for the purpose of paying the principal and interest and any premium on the Pension Bonds which have been issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act. The Trust Agreement also provides for the certificating of interests in the Pension Bonds to investors.

(e) The Trustee agrees to submit to the Agency no later than 15 days prior to the date on which an Intercept Payment is due, an invoice, showing the payments due, unless the Agency and Trustee agree to a different schedule. Any modification to the schedule for this Intercept Agreement as it pertains to the Series 2003 Pension Bonds shall apply as well to Future Pension Bonds.

(f) The Trustee agrees and covenants to deposit the Intercept Payments into the debt service trust fund it holds, and apply the Intercept Payments solely for the purpose of paying the principal and interest and premium, if any, on the Pension Bonds, pursuant to the terms of this Intercept Agreement.

(g) The Trustee agrees and covenants to invest any moneys in the debt service trust fund in legally authorized investments for community college districts, pursuant to the terms of the Trust Agreement.

(h) If the Trustee has reason to believe that the Disbursement Schedule has changed and the Trustee has not received notice pursuant to Section 2.3(e) or Section 2.3(f), the Trustee covenants to contact the Agency to ask the Agency to indicate whether the Disbursement Schedule has changed. If the inquiry reveals that the Disbursement Schedule has changed, the Agency shall provide the Trustee with the modified Disbursement Schedule pursuant to Section 2.3(f). The Trustee will provide the Issuers with a copy of any new Disbursement Schedule no later than ten (10) Business Days after the Trustee receives it, pursuant to Section 2.3(f). The Trustee will provide Issuers with a copy of any new Intercept Schedule within ten (10) days of such change.

Section 2.3 Representations, Warranties and Covenants of Agency and Related Responsibilities of Trustee. The Agency represents, covenants and warrants for the benefit of the Issuers and the Trustee as follows:

(a) The Agency is an agency of the State, duly qualified to transact business of the type contemplated by this Intercept Agreement and is the Agency which is authorized to receive and disburse State Education Revenue payments on behalf of the Issuers.

(b) The execution, delivery and performance by the Agency of this Intercept Agreement has been duly authorized and constitutes a legal, valid and binding obligation of the Agency, enforceable against the Agency in accordance with its terms.

(c) The Agency shall make the Intercept Payments as provided in Section 3.1 hereof.

(d) The Agency shall make Intercept Payments for each Issuer to the appropriate Trustee from the first State Education Revenues available to that Issuer. While any Intercept Payment for an Issuer is due or overdue, the Agency shall not disburse any State Education Revenues to that Issuer until all those Intercept Payments have been paid to the Trustee, unless the Trustee notifies the Agency that the affected Issuer has made Security Payments to the Trustee which cover the deficiency.

(e) Unless the Agency and Trustee agree to a different schedule, not later than June 15 of each year the Trustee shall send the Agency a request for information to be supplied in substantially the form attached as Exhibit B, and the Agency shall respond to that request for information by completing the request form not later than June 30 of that year. The request for information shall ask the Agency to describe any changes the Agency reasonably expects to be made to the Disbursement Schedule then in effect for the following fiscal year, including the allocation dates and amounts for State Education Revenues, and whether the Agency reasonably expects that those changes would impair the ability of the Agency to make Intercept Payments in whole, in part, or in accordance with the then existing Intercept Schedule, and the amount of State Education Revenues that have been estimated for each Issuer for the following fiscal year.

(f) To the extent the Disbursement Schedule has been modified or is expected to be modified, and the Agency has not notified the Trustee pursuant to Section 2.3(e), the Agency shall provide the Trustee with the actual or anticipated alternate Disbursement Schedule.

(g) The Agency covenants to cooperate in the assignment of this Intercept Agreement or the responsibilities hereunder to another agency of the State to the extent the responsibility for the distribution of State Education Revenues is assumed by another agency of the State.

ARTICLE III. PAYMENT OBLIGATIONS

Section 3.1 Payment, Calculation and Invoicing of Intercept Payments.

(a) The Agency shall make Intercept Payments in the amounts and on the dates shown in the invoices provided to the Agency by each Trustee in accordance with this Section 3.1. The Trust Agreement obligates each Issuer to make monthly Security Payments to the Trustee from September through May of each fiscal year, in amounts which provide each Trustee with funds sufficient to pay debt service on the Pension Bonds when that debt service is due. The Trust Agreement provides that the Intercept Payments received by the Trustee for each Issuer will be credited against the Security Payments that are due from that Issuer.

(b) Except as provided in Section 3.1(c) below and unless the Agency and the Trustee agree in writing to a different schedule, for the period beginning with the date the Series 2003 Pension Bonds are issued and ending on the payment in full of all of the Pension Bonds, the Intercept Payments shall be due according to the initial Intercept Payment schedule described herein. Each Trustee shall invoice the Agency for each Intercept Payment at least 15 days prior to the date on which that Intercept Payment is due. The Agency shall make each Intercept Payment no later than the 15th day of the month in which the Intercept Payment is due. The Intercept Payments shall be due for the months of August, October and January and each Intercept Payment shall be approximately one third of each Issuer's debt service for the fiscal year. The first Intercept Payment shall be due on August 15, 2003. This schedule of Intercept Payments should provide each Trustee with Intercept Payments at times and in amounts that avoid Issuers being billed for, or required to make, Security Payments. Under the Trust Agreement, the August Intercept Payments will be credited against the Security Payments that are scheduled to be made in September, October and November; the October Intercept Payments will be credited against the Security Payments that are scheduled to be made in December, January and February, and the January Intercept Payments will be credited against the Security Payments that are scheduled to be made in March, April and May.

(c) If the Disbursement Schedule changes, the Agency shall notify each Trustee and the Series 2003 Trustee shall, if necessary, modify the schedule for an amount of Intercept Payments for each Trustee so that each Trustee continues to receive Intercept Payments for each Issuer in the amounts and at the times that are expected to avoid billings to, and Security Payments from, Issuers, as further described in the Trust Agreement.

(d) If, because of changes to the Disbursement Schedule or other reasons, the Agency is not able to make any Intercept Payment in full, the Agency shall disburse to the Trustee the greatest amount of State Education Revenues that are then available, and each Trustee shall credit those partial Intercept Payments against the next Security Payments that are scheduled to be paid by each affected Issuer, as provided in the Trust Agreement. If the Agency makes a partial Intercept Payment, unless Issuers have already made Security Payments to the Trustee that cover the deficiencies, the Trustee shall add to the next Intercept Payment the amount of any prior deficiencies in Intercept Payments.

(e) Failure by the Agency to make any Intercept Payment or payment by Issuers of any deficiencies in Intercept Payments shall not relieve the Agency from its obligation to make subsequent Intercept Payments.

Section 3.2 Notice of Nonpayment and Disbursement Schedule Change. In the event the Agency becomes aware it will not be able to make any portion of the Intercept Payments when they are due, the Agency will give the affected Trustee written notice within three (3) Business Days after the Agency is aware that a single or multiple Intercept Payments are not going to be made. In the event of any proposed change or modification in the Disbursement Schedule which would impact the Agency's ability to make Intercept Payments when due, the Agency will give written notice to the Trustee within three (3) Business Days after the Agency is aware of such proposed change or modification. The Trustee will provide the Issuers with a copy of such notice as soon as practicable, but in any case not later than ten (10) Business Days after the Trustee receives such notice.

Section 3.3 Non-Liability of Agency. Nothing in this Intercept Agreement, the Trust Agreement or any agreement entered into by the Agency in any manner obligates the Agency:

(a) to pay any amount on behalf of an Issuer that the Issuer is not otherwise entitled to receive under the law; or

(b) except for the diversion of State Education Revenues to the Trustee, to pay principal, interest and any premium on the Pension Bonds.

ARTICLE IV. FUTURE PENSION BONDS

Section 4.1 Future Pension Bonds. Future Pension Bonds may be issued only if: (a) the Future Pension Bond Issuers and any Trustee for the Future Pension Bonds authorize, execute and enter into this Intercept Agreement and agree to receive disbursements from the Agency on the same schedule as disbursements are made for all Pension Bonds; and, (b) the Future Pension Bonds satisfy the requirement listed in Section 4.2. If Future Pension Bonds are issued, the names of the Future Pension Bond Issuers and their Bond Amount shall be added to Exhibit A and for Issuers already listed on Exhibit A, the Bond Amount shall be revised on Exhibit A. Future Pension Bond Issuers and any Trustee for Future Pension Bonds shall execute this Intercept Agreement by signature of an authorized officer.

Any Trustee for Future Pension Bonds shall be listed in Exhibit C along with such Trustee's corresponding Future Pension Bonds. By agreeing to act as a Trustee for Future Pension Bonds, such Trustee hereby agrees to be bound by the terms and conditions of this Intercept Agreement including without limitation the application to Future Pension Bonds of the existing and any future Disbursement Schedules in effect for the Series 2003 Pension Bonds.

The Agency hereby agrees that at the time any Issuer or any Trustee executes this Intercept Agreement and is listed in the respective exhibits to this Intercept Agreement, the Agency shall be bound by the terms and conditions of this Intercept Agreement with respect to those parties.

If the Agency is required to make more than one Intercept Payment each month for any Issuer or Issuers, and the Agency does not have sufficient funds to make all the Intercept Payments for that Issuer or those Issuers, the Agency shall apply its available funds proportionally to make all Intercept Payments due for that Issuer or those Issuers.

Section 4.2 Limitation on Future Pension Bonds. An issue of pension bonds (the "Proposed Pension Bonds") will qualify as Future Pension Bonds only if the issuers of the Proposed Pension Bonds or the trustee for the Proposed Pension Bonds on behalf of the issuers files a certificate, dated as of the date of closing of the Proposed Pension Bonds, with the Agency and the Trustee for the Series 2003 Pension Bonds demonstrating that the Prior Revenues for each issuer in each of the three most recently completed fiscal years are not less than two (2.0) times the average aggregate annual debt service on the Proposed Pension Bonds and any outstanding Pension Bonds. For purposes of this Section 4.2, "Prior Revenues" means the amount of State Education Revenues distributed to the issuers of the Proposed Pension Bonds in a fiscal year. If an issuer merges or otherwise consolidates with other districts, the resulting entity shall be treated as having the debt service and Prior Revenues of the districts that merged into it. If an issuer separates into more than one district, each resulting entity shall be treated as having the portion of the debt service and Prior Revenues of the original entity attributable to such resulting entity.

Section 4.3 Other Obligations. Nothing shall prevent an Issuer or the Agency from entering into intercept agreements payable from State Education Revenues in connection with obligations that do not qualify as Future Pension Bonds. However, no payment may be made by the Agency under those intercept agreements at any time in any month for an Issuer until all payments due under this Intercept Agreement for that Issuer in that month have been paid in full.

ARTICLE V. MISCELLANEOUS

Section 5.1 Intercept Agreement Irrevocable. This Intercept Agreement is irrevocable.

Section 5.2 Effective Date. The Intercept Agreement will remain in effect until all Pension Bonds have matured or been redeemed.

Section 5.3 Binding Effect. This Intercept Agreement shall inure to the benefit of and shall be binding upon the Trustee, the Agency and the Issuers and their respective successors and assigns.

Section 5.4 Severability. In the event any provisions of this Intercept Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 5.5 Amendments. Except for changes in the Disbursement Schedule and the Intercept Schedule pursuant to Section 3.1(b) or Section 3.1(c) which do not require an amendment, and any amendments which do not materially adversely affect the Issuers or the holders of the Pension Bonds which amendments do not require consent, this Intercept Agreement may only be amended by the written consent of the Agency, the Trustee and 51% or more of the Issuers.

Section 5.6 Execution in Counterparts. This Intercept 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 5.7 Applicable Law. This Intercept Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intercept Agreement or the transactions contemplated hereby shall be brought in the United States District Court, District of Oregon.

Section 5.8 All Obligations Due on Business Days. If the date for making any payment, or the date for performing any act or exercising any right, as provided herein, is a day which is not a Business Day, such payment may be made, act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period from and after such date.


Section 5.9 Headings. The headings, titles and table of contents in this Intercept Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intercept Agreement.

IN WITNESS WHEREOF, the Trustee, the Agency and the Issuers have executed this Intercept Agreement as of the date and year first written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Trustee**

By: 
Authorized Officer

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: 
Bret West
Assistant Commissioner

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**CENTRAL OREGON COMMUNITY COLLEGE DISTRICT
DESCHUTES, CROOK, JEFFERSON, KLAMATH, LAKE
AND WASCO COUNTIES, OREGON**

By: 
District Official

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**CHEMEKETA COMMUNITY COLLEGE DISTRICT
MARION, LINN, POLK AND YAMHILL COUNTIES,
OREGON**

By: 
District Official

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT
WASCO AND HOOD RIVER COUNTIES, OREGON**

By: Saundra Buchanan, Business Manager
District Official

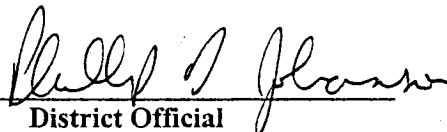
IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**LANE COMMUNITY COLLEGE DISTRICT
LANE, BENTON, DOUGLAS AND LINN COUNTIES,
OREGON**

By: 
District Official

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**MT. HOOD COMMUNITY COLLEGE DISTRICT
MULTNOMAH, CLACKAMAS AND HOOD RIVER
COUNTIES, OREGON**

By: 
District Official

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

**TREASURE VALLEY COMMUNITY COLLEGE DISTRICT
MALHEUR AND BAKER COUNTIES, OREGON**

By: 
District Official

EXHIBIT A

PARTICIPATING COMMUNITY COLLEGE DISTRICTS

**OREGON COMMUNITY COLLEGE ASSOCIATION
LIMITED TAX PENSION BONDS**

<i>Series 2003 Issuers</i>	<i>Bond Amount</i>
Central Oregon Community College	\$11,535,637.70
Chemeketa Community College	25,374,368.95
Columbia Gorge Community College	3,570,327.10
Lane Community College	51,803,948.25
Mt Hood Community College	50,596,537.25
Treasure Valley Community College	10,701,480.35

Future Pension Bond Issuers

Bond Amount

EXHIBIT B

FORM OF REQUEST FOR INFORMATION

From: Oregon Department of Community Colleges and Workforce Development ("Agency")
255 Capitol Street NE
Salem, OR 97310-0203

To: Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 S.W. Fifth Avenue
Portland, OR 97201

**Re: \$ _____ Oregon Community College Association Limited Tax Pension
Obligations, Series 2003**

The undersigned hereby certifies as follows:

1. The anticipated disbursement schedule for distribution of any state funding for community college districts (the "State Education Revenues") legally available to pay debt service on the pension bonds issued under the above referenced financing (currently designated as the "Community College Support Fund"), for the following fiscal year, beginning July 1, _____, is as follows:

<u>District</u>	<u>Date or Dates of Payment</u>	<u>Payment Amount</u>
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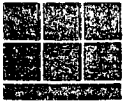
2. If the timing of the disbursement schedule or the amounts to be disbursed identified in paragraph #1 above is different from that currently in effect, please describe these changes. Discuss the duration of these changes and whether the Agency expects that they will be in effect for more than the next fiscal year. If not, discuss the future disbursement schedule changes that are anticipated. Discuss whether the Agency reasonably expects that those changes will impair the ability of the Agency to make Intercept Payments in whole, in part or in accordance with the previously agreed upon Disbursement Schedule.

DATED: _____, 200_.

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: _____
Authorized Officer

EXHIBIT C
TRUSTEE FOR FUTURE PENSION BONDS



**SEATTLE-NORTHWEST
SECURITIES CORPORATION**

The Region's Premier Investment

**Obligation Purchase Agreement
Oregon Community College Districts Limited Tax Pension Obligations, Series 2003**

April 10, 2003

Wells Fargo Bank Northwest, National Association
not in its individual capacity but solely as trustee
1300 S.W. Fifth Avenue, 11th floor
Portland, Oregon 97201

Ladies and Gentlemen:

Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), on its own behalf and on behalf of Citigroup Global Markets Inc., as co-managing underwriter (together with the Representative, the "Underwriters") offers to enter into this Obligation Purchase Agreement (the "Purchase Agreement") with Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as trustee (the "Trustee"). The offer made hereby is subject to receipt by the Trustee and the Representative of the bond purchase agreements, each dated as of the date hereof and including the Standard Terms for Sale incorporated therein by reference (collectively, the "Pension Bond Purchase Agreements"), between the Trustee and each of the community college districts named in Exhibit C hereto (collectively, the "Issuers"), and is subject to receipt by the Representative of the Official Statement referred to in paragraph 2 below and to acceptance by the Trustee of the offer made in this Purchase Agreement by execution and delivery of this Purchase Agreement to the Representative at or prior to 9:00 a.m., Portland, Oregon time, on the date first above written. If not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the Trustee at any time prior to the acceptance hereof by the Trustee. Upon acceptance of this offer in accordance with the terms hereof, this Purchase Agreement will constitute a binding agreement between the Trustee and the Underwriters.

1. Purchase and Sale

Upon the terms and conditions and upon the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree, jointly and severally, to purchase from the Trustee for offering to the public, and the Trustee hereby agrees to sell to the Underwriters all (but except as provided in paragraph 4(h) and in the last sentence of paragraph 5, not less than all) of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 described in Exhibit B attached hereto and incorporated herein by this reference (the "Obligations"). The Obligations shall be in the aggregate principal amounts, mature in the amounts and on the dates, bear interest at the rates (in the case of the Series 2003B Obligations) or have such accreted values (in the case of the Series 2003A Obligations), have such redemption provisions and be purchased at the prices set forth in Exhibit B. Payment when due of the regularly scheduled principal of and interest, if any, on the Obligations shall be insured by a municipal bond insurance policy (the "Policy") to be issued by Financial Guaranty Insurance Company ("Financial Guaranty") simultaneously with the issuance and delivery of the Obligations.

Except as provided in the last sentence of paragraph 4(h) and in the last sentence of paragraph 5, it shall be a condition to the Trustee's obligation to sell and to deliver the Obligations to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Obligations that the entire aggregate principal amount of the Obligations be issued, sold and delivered by the Trustee and purchased, accepted and paid for the Underwriters at the Closing referred to below.

The proceeds received by the Trustee from the sale of the Obligations to the Underwriters shall be applied to purchase the Pension Bonds described in Exhibit C hereto (the "Pension Bonds") and to pay costs of

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issuing the Obligations. The Trustee's obligation to purchase the Pension Bonds is conditioned upon the purchase by the Underwriters of the Obligations pursuant to this Purchase Agreement, and the Trustee's obligation to issue and sell the Obligations to the Underwriters and the Underwriters' obligation to purchase the Obligations are conditioned upon the issuance by the Issuers of the Pension Bonds.

2. Official Statement

- a) Upon the Issuers' delivery of the Pension Bond Purchase Agreements and the Trustee's acceptance of this offer, each of the Issuers shall be deemed to have ratified, approved and "deemed final" the Preliminary Official Statement with respect to the Obligations, dated March 28, 2003 (including any appendices thereto, any documents incorporated therein by reference and any supplements and amendments thereto prior to the date hereof, the "Preliminary Official Statement") and to have ratified the use by the Underwriters of the Preliminary Official Statement in connection with the public offering and sale of the Obligations.
- b) Simultaneously with the Trustee's acceptance of this Purchase Agreement and with the Issuers' acceptance of the Pension Bond Purchase Agreements, the Issuers shall deliver or cause to be delivered to the Underwriters one copy of the Official Statement with respect to the Obligations, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes (which changes may be hand-marked or attached to an Issuer's Pension Bond Purchase Agreement) as shall have been accepted by the Representative (such Official Statement, with such changes, if any, and including the appendices thereto, the documents incorporated by reference and any supplements or amendments thereto on or prior to the date of the Closing, being referred to herein as the "Official Statement") and approved for distribution by the Issuers (as evidenced by the acceptance by the Issuers of the Pension Bond Purchase Agreements). The Trustee shall direct the Issuers to deliver, or to cause to be delivered, to the Underwriters, within seven business days after the date hereof and, in any event, in sufficient time to accompany any confirmation that requests payment from any customer and in sufficient time to permit the Underwriters to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and with all applicable rules of the Municipal Securities Rulemaking Board, a reasonable number of copies of the Official Statement, as requested by the Underwriters, for distribution.
- c) If, between the date of this Purchase Agreement and the earlier of (i) 90 days following the "end of the underwriting period" (as such phrase is defined in the Rule) or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the end of underwriting period, any event shall occur or any pre-existing fact or condition shall become known that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and if such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the applicable Issuer or Issuers, at its or their expense, shall be required to supplement and amend the Official Statement in a form and manner approved by the Representative. The Trustee and the Issuers may assume that the end of the underwriting period has occurred at the time of the Closing unless the Representative or another Underwriter notifies the Trustee and the applicable Issuer or Issuers at or prior to the time of the Closing that there exists an unsold balance of the Obligations, in which case the end of the underwriting period shall be deemed to be extended for additional periods of 30 days each, upon receipt of written notification from the Representative or another Underwriter that there exists an unsold balance of the Obligations.

3. Representations, Warranties and Covenants

The Trustee represents, warrants and covenants to the Underwriters that as of the date hereof and as of the date of the closing:

- a) The Trustee has all requisite power, authority and legal right to execute and deliver the Obligations to the Underwriters, to purchase the Pension Bonds and to execute and deliver and to perform its obligations under the Trust Agreement, dated as of April 23, 2003, between the Issuers and the Trustee (the "Trust Agreement") and under the other Trustee Documents mentioned below;
- b) The execution, delivery and performance by the Trustee of this Purchase Agreement; the Trust Agreement; the Obligations; the Intercept Agreement, dated as of April 23, 2003, among the State of Oregon Department of Community Colleges and Workforce Development, the Trustee and the Issuers (the "Intercept Agreement"); the Pension Bond Purchase Agreements and the Continuing Disclosure Certificate to be executed and delivered by the Trustee (the "Continuing Disclosure Certificate" and together with the Trust Agreement, the Pension Bond Purchase Agreements, the Intercept Agreement and the Obligations, the "Trustee Documents") (i) have been duly authorized and, when executed and delivered by the other parties thereto, shall constitute legal, valid and binding obligations of the Trustee enforceable in accordance with their terms and (ii) do not and will not conflict with or constitute or create a breach or default under any applicable existing law, regulation, or order to which the Trustee is subject (except that no representation, warranty or agreement is made herein with respect to any federal or state securities or Blue Sky laws or regulations); and
- c) No consent, approval or authorization by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained, is or will be required for the execution and delivery by the Trustee of the Obligations or for the execution and delivery of, and the performance of the Trustee's obligations under, the other Trustee Documents.

4. Cancellation

The Underwriters shall have the right to cancel their commitment to purchase the Obligations by notifying the Trustee of their election to do so if, after the execution of this Purchase Agreement and prior to the Closing:

- a) The United States shall have become engaged in hostilities or existing hostilities shall have escalated or a national emergency or other national or international calamity or other event shall have occurred, escalated or accelerated to such an extent as, in the reasonable opinion of the Underwriters, to have a materially adverse effect (i) on the marketability of the Obligations (including without limitation the sale by the Underwriters of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) on the Underwriters' ability to enforce contracts for the sale of the Obligations; or
- b) A material disruption in commercial banking or securities settlement or clearance services shall have occurred, which in the reasonable opinion of the Underwriters would materially adversely affect (i) the marketability of the Obligations (including without limitation the sale by the Underwriters of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the Underwriters' ability to enforce contracts for the sale of the Obligations; or

- c) There shall have occurred a general suspension of trading on the New York Stock Exchange or other national exchange; or
- d) A general banking moratorium shall have been declared by the United States, New York or State of Oregon authorities which, in the reasonable opinion of the Underwriters, would have a materially adverse effect on (i) the marketability of the Obligations (including without limitation the sale by the Underwriters of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the Underwriters' ability to enforce contracts for the sale of the Obligations; or
- e) Legislation shall hereafter be enacted, or actively be considered for enactment; or a decision by a court of the United States shall hereafter be rendered, or a ruling or regulation by the Securities and Exchange Commission or by another governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is or would be that:
 - i) The Obligations or the Pension Bonds are not exempt from registration, qualification or similar requirements under the Securities Act of 1933, as amended and then in effect (the "33 Act"), or distribution of the Obligations is not exempt from the registration, qualification or other requirements of the 33 Act, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect (the "34 Act") or the sale or distribution of the Obligations would be illegal; or
 - ii) The Trust Agreement or the Resolutions of the Issuers authorizing the issuance of the Pension Bonds (the "Resolutions") are not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect (the "39 Act"); or
 - iii) The Trust Agreement or any of the transactions under or contemplated by the Trust Agreement or under this Purchase Agreement are subject to the Investment Company Act of 1940, as amended and as then in effect (the "Investment Company Act") or require any registration under the Investment Company Act; or
 - iv) The market for the Obligations or the market price generally of obligations of the general character of the Obligations or the ability of the Underwriters to enforce contracts for the purchase of the Obligations is materially and adversely affected, in each case in the reasonable opinion of the Underwriters; or
- f) There shall have been a material adverse change in the affairs of any one or more of the Issuers that materially and adversely affects (i) the marketability of the Obligations (including without limitation the sale by the Underwriters of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the ability of the Underwriters to enforce contracts for the sale of the Obligations, in each case as determined by the Underwriters; or
- g) A stop order, ruling or regulation by the Securities and Exchange Commission shall hereafter be issued or made, the effect of which is that the issuance, offering or sale of the Obligations, as contemplated herein or in the Official Statement, is in violation of or would require registration under any provision of the 33 Act, the 34 Act, the 39 Act or the Investment Company Act or, in each case, the rules or regulations promulgated thereunder as then in effect; or
- h) Any litigation shall be instituted or pending at Closing (i) to restrain or enjoin the authorization, issuance, execution, sale or delivery of any of the Pension Bonds or the Obligations; or (ii) in any

way contesting or affecting any authority for or the validity or enforceability of any of the Pension Bonds, the Obligations, the Resolutions, any of the Trustee Documents or any of the documents required to be delivered by any of the Issuers or the delivery of any moneys or securities to be provided for the payment of the Pension Bonds or the Obligations; or the existence or powers of the Issuers or the Trustee, in each case that materially and adversely affects the issuance of the Pension Bonds or the Obligations or the use of amounts received from the sale of the Pension Bonds or the Obligations for the purposes for which such Pension Bonds and the Obligations are being issued. The presence of such litigation against one Issuer shall not relieve the Trustee's obligation to purchase the Pension Bonds from the other Issuers or the Underwriters' obligations to purchase the Obligations, unless in the sole opinion of the Underwriters such presence would have a material adverse effect on (i) the marketability of the Obligations (including without limitation the sale of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the ability of the Underwriters to enforce contracts for the sale of the Obligations as determined by the Underwriters; or

- i) There shall have been established any new restrictions on transactions in securities materially affecting the free market for securities or the extension of credit by, or the charge to the net capital requirements of, underwriters, including without limitation, the fixing of minimum or maximum prices for trading or maximum ranges for prices, by any exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order; or
- j) There shall exist any event, fact or condition that (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein, under the circumstances in which made, not misleading in any material respect; or (c) in the opinion of the Underwriters, would have a materially adverse effect on (i) the marketability of the Obligations (including without limitation the sale by the Underwriters of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the Underwriters' ability to enforce contracts for the sale of the Obligations; or
- l) There shall have been a withdrawal or downgrading of any rating of the Obligations by a national rating agency.

5. Conditions of Closing

The Underwriters shall not be obligated to purchase the Obligations unless the Underwriters receive the following in form and substance satisfactory to the Representative, on or prior to Closing:

- (a) a certificate from the Trustee, in form and substance acceptable to the Trustee and the Underwriters, stating that the information describing the Trustee in the Preliminary Official Statement and in the Official Statement was true and correct when made and is true and correct as of the date of the Closing and that the representations of the Trustee in this Purchase Agreement were true and correct when made and are true and correct as of the date of the Closing;
- (b) The Obligations, containing all of the terms and conditions set forth in Exhibit B hereof, in definitive form and duly executed by the Trustee, shall be delivered to the Underwriters, or the Trustee shall deliver or cause to be delivered to the Underwriters, the Obligations duly executed on its behalf and authenticated by the Trustee, to be held by the Trustee as agent for DTC;

- (c) An opinion from the counsel to the Trustee stating that the Trustee is authorized to execute and deliver, and to perform its obligations under, each of the Trustee Documents and that each of the Trustee Documents constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms;
- (d) Executed copies of each of the Trustee Documents and of each of the documents and opinions each Issuer is required to provide or to cause to be provided under its Pension Bond Purchase Agreement;
- (e) A copy of the executed Policy and an opinion of counsel to Financial Guaranty in form and substance acceptable to the Representative,
- (f) The approving opinion of Preston Gates & Ellis LLP as Bond Counsel ("Bond Counsel") dated the date of the Closing and addressed to or with reliance letters addressed to the Underwriters, the Trustee and Financial Guaranty, substantially in the form included in the Official Statement as Appendix A;
- (g) The supplemental opinion of Bond Counsel dated the date of the Closing and addressed to the Underwriters and to Financial Guaranty and substantially in the form attached hereto as Exhibit A;
- (h) Evidence that Standard and Poor's Ratings Services has issued an underlying rating of "AA-" and a rating for the Obligations of "AAA," based upon the issuance by Financial Guaranty of the Policy for the Obligations, and evidence that such ratings are in full force and effect on and as of the date of the Closing;
- (i) An opinion of Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriters, substantially in the form attached hereto as Exhibit D;
- (j) the issuance and delivery by each of the Issuers to the Trustee of each of the Pension Bonds; and
- (k) Such additional certificates, instruments or opinions or other evidence as the Underwriters may deem reasonably necessary or desirable.

Notwithstanding the foregoing, the failure by an Issuer to deliver to the Underwriters the documents and other items required by paragraphs 5(d) and/or 5(j) shall not relieve the Trustee of its obligation to sell, or the Underwriters of their obligation to purchase, the Obligations related to the Pension Bonds of the other Issuers or relieve the Trustee from its obligation to purchase the Pension Bonds of the other Issuers, unless in the reasonable opinion of the Underwriters such failure or the purchase of less than all of the other Pension Bonds and Obligations would materially adversely affect (i) the marketability of the Obligations (including without limitation the sale of the Obligations at the public offering prices or yields shown on the inside cover pages of the Official Statement) or (ii) the ability of the Underwriters to enforce contracts for the sale of any of the Obligations

6. Fees and Expenses

Fees and expenses shall be paid as provided in the Pension Bond Purchase Agreements.

7. Miscellaneous

The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of Oregon.

This Purchase Agreement is intended to benefit only the parties hereto, and the Trustee's representations and warranties shall survive any investigation made by or for the Underwriters, delivery and payment for the Pension Bonds and the termination of this Purchase Agreement or of any of the Pension Bond Purchase Agreements. Should the Trustee or the Issuers fail to satisfy any of the conditions for sale of the Pension Bonds or the Obligations, or if the Underwriters' obligations are terminated or cancelled for any reason permitted under this Purchase Agreement, then none of the Underwriters, the Trustee or the Issuers shall have any further obligations under this Purchase Agreement, except that any expenses incurred shall be borne in accordance with paragraph 6 hereof.

This Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Purchase Agreement by signing any such counterpart.

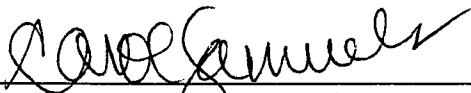
This Purchase Agreement, when accepted by the Trustee as provided herein, shall constitute the entire agreement between the Trustee and the Underwriters and is solely for the benefit of the Issuers, the Trustee and the Underwriters (including the successors and assigns thereof but not including any holder of any Obligations). No other person shall acquire or have any rights hereunder or by virtue hereof.

All representations and warranties and agreements of the Trustee in this Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Obligations hereunder or (c) any termination of this Purchase Agreement or any termination of any of the Pension Bond Purchase Agreements.

The Issuers and the Trustee agree or accept that Closing will take place on April 23, 2003.

Respectfully submitted,

SEATTLE-NORTHWEST SECURITIES CORPORATION

By: 
Carol E. Samuels, Vice President

Accepted April 10, 2003

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

EXHIBIT A

Form of Bond Counsel Supplemental Opinion

April 23, 2003

Seattle-Northwest Securities Corporation
1000 SW Broadway, Suite 1800
Portland, Oregon 97205

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017

Wells Fargo Bank Northwest, National Association
1300 SW Fifth Avenue, 11th Floor
Portland, Oregon 97201

Re: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)
\$73,067,299.60 Series 2003A (Deferred Interest Obligations)
\$80,515,000 Series 2003B (Current Interest Obligations)

Ladies & Gentlemen:

Certain Oregon community college districts (collectively, the "Issuers") are issuing Limited Tax Pension Bonds (the "Pension Bonds"), the proceeds of which will be used to finance a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS") and to pay other costs related to financing the UAL, including costs of issuance. The Pension Bonds will be sold by the Issuers to Wells Fargo Bank Northwest, National Association, Portland, Oregon (the "Trustee") pursuant to the terms of individual Pension Bond Purchase Agreements between each Issuer and the Trustee for the purchase of such Issuer's Bond (a "Bond Purchase Agreement").

This opinion is rendered to you in connection with the purchase by the Underwriters of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) in the aggregate principal amount of \$153,582,299.60 (the "Obligations"), representing the right to receive payments due under the Pension Bonds, pursuant to an Obligation Purchase Agreement dated April 10, 2003 (the "Obligation Purchase Agreement"), between Seattle Northwest Securities Corporation and Citigroup Global Markets Inc. (collectively, the "Underwriters") and the Trustee.

All terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned thereto in the Obligation Purchase Agreement, the Trust Agreement or the Resolutions (as defined in the Obligation Purchase Agreement). In our capacity as Bond Counsel with respect to the authorization, issuance, sale and delivery of the Pension Bonds and with respect to the authorization, issuance, sale and delivery of the Obligations, we have examined the Official Statement dated April 10, 2003 relating to the Obligations (the "Official Statement"). We have also examined originals, or copies certified or otherwise identified to our satisfaction as being true copies of the originals, of such proceedings of the Issuers, certificates of officials of the Issuers and others and such other documents as

we have deemed necessary for purposes of this opinion. Based upon our review of the foregoing, we are of the opinion that:

1. The statements in the Official Statement under the headings "Description of the Obligations" (except for the subsection "Book-Entry Bonds" thereunder), "Security for the Obligations" (except for the subsections "Ratings" and "Municipal Bond Insurance" thereunder), "Tax Matters," "The Initiative Process," "Continuing Disclosure," "Legal and Underwriting—Approval of Counsel" and in "Appendix A—Form of Special Counsel Opinion" (together with specific references thereto contained in the Official Statement), insofar as such statements purport to summarize the provisions of the Pension Bonds and the Obligations or other matters discussed or presented therein (other than any financial or statistical data contained in such sections as to which we express no opinion or view) present a fair summary of the relevant provisions of the Pension Bonds and the Obligations and the matters discussed or presented therein.

2. Based upon our participation in the review of the Official Statement as Bond Counsel and as Special Counsel, but without having undertaken to determine independently the accuracy or completeness of and without assuming any responsibility for the statements contained in the Official Statement, except to the limited extent noted immediately above, nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement, as of the date of the Official Statement (except for the financial and statistical data included therein, as to which we express no opinion), contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

3. The Trust Agreement, the Intercept Agreement and the Pension Bond Purchase Agreements have been duly authorized, executed and delivered by each of the Issuers (except that each Issuer has no responsibility for information relating to any other Issuer) and constitute valid and binding agreements of each Issuer, which are enforceable in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuers.

4. We have reviewed the Continuing Disclosure Certificate of each Issuer regarding secondary market disclosure as further described in the Preliminary Official Statement and the Official Statement. In our opinion, the Continuing Disclosure Certificates are valid and binding, and are in full force and effect as of the date of Closing.

5. The Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939 and the Pension Bonds, the Trust Agreement and the Obligations are exempt from registration under the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended and the rules and regulations thereunder.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations or exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as Bond Counsel to the Issuers regarding the sale and issuance of the Pension Bonds and as Special Counsel regarding the sale and issuance of the Obligations and no attorney-client relationship shall arise by our addressing this opinion to any other person. This opinion is furnished to you solely for your benefit and may not be relied on by, quoted by, nor copies delivered to, any other person without our prior written consent in each instance.

We express no opinion as to the creditworthiness of the Issuers, the investment quality of the Obligations or the Pension Bonds or the adequacy of the security for the Obligations or the Pension Bonds. We are furnishing this letter to you pursuant to the Obligation Purchase Agreement solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to in connection with the marketing of the Obligations nor is it to be relied upon by any person without prior written permission; provided that reference may be made to it in any list or transcript of dosing documents pertaining to the Obligations. We expressly disclaim any duty to advise you of any matters arising after the date hereof. Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Obligations.

Our opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

Preston Gates & Ellis LLP

Exhibit B

DESCRIPTION OF THE OBLIGATIONS

Limited Tax Pension Obligations, Series 2003A and Series 2003B (Federally Taxable)

- (a) Denominations: \$5,000 (final maturity amount), or integral multiples thereof
- (b) Purchase Price: 152,252,877.98
- (c) Form: Registered; Book-entry only
- (d) Offer Expires: 9:00 a.m., Pacific Time, April 10, 2003
- (e) Bond Counsel: Preston Gates & Ellis LLP, Portland, Oregon
- (f) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m., Pacific Time. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m., Pacific Time.
- (g) Delivery: To the Paying Agent on behalf of DTC by Fast Automated Securities Transfer.
- (h) Bond Insurance: Payment of the principal of and interest on the Obligations, when due, will be insured by a municipal bond insurance policy to be issued by Financial Guaranty simultaneously with the delivery of the Obligations.
- (i) Ratings: Standard & Poor's Ratings Services has issued an underlying rating of "AA-" for the Obligations and an insured rating of "AAA," based upon the Issuers' purchase of the Policy issued by Financial Guaranty in respect of the Obligations.

\$73,067,299.60 Series 2003A (Deferred Interest Obligations)

- (a) Dated Date: April 23, 2003
- (b) Principal Amount: \$73,067,299.60
- (c) Interest Payment Dates: Payable at maturity; compounded semiannually beginning December 30, 2003
- (d) Maturity and Interest Rates: The Series 2003A Obligations shall mature on June 30 of each year and bear interest as follows:

<u>Due</u> <u>June 30</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Final</u> <u>Maturity</u> <u>Amount</u>	<u>Price</u> <u>per \$5,000</u> <u>at Maturity</u>	<u>Approx.</u> <u>Yield to</u> <u>Maturity</u>	<u>CUSIP</u> <u>68583R</u>	<u>Due</u> <u>June 30</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Final</u> <u>Maturity</u> <u>Amount</u>	<u>Price</u> <u>per \$5,000</u> <u>at Maturity</u>	<u>Approx.</u> <u>Yield to</u> <u>Maturity</u>	<u>CUSIP</u> <u>68583R</u>
2004	\$ 939,318.90	\$955,000	\$4,917.90	1.40%	AA0	2014	\$4,107,835.85	\$7,415,000	\$2,769.95	5.35%	AL6
2005	1,846,218.70	1,930,000	4,782.95	2.04	AB8	2015	4,138,105.35	8,035,000	2,575.05	5.52	AM4
2006	3,045,203.60	3,320,000	4,586.15	2.73	AC6	2016	4,155,672.00	8,675,000	2,395.20	5.66	AN2
2007	3,278,863.20	3,765,000	4,354.40	3.33	AD4	2017	4,156,113.20	9,340,000	2,224.90	5.79	AP7
2008	3,491,624.50	4,225,000	4,132.10	3.71	AE2	2018	4,145,716.80	10,040,000	2,064.60	5.91	AQ5
2009	3,641,488.95	4,695,000	3,878.05	4.15	AF9	2019	4,113,332.80	10,760,000	1,911.40	6.03	AR3
2010	3,783,726.30	5,195,000	3,641.70	4.46	AG7	2020	4,101,696.00	11,520,000	1,780.25	6.10	AS1
2011	3,898,008.40	5,720,000	3,407.35	4.74	AH5	2021	4,069,439.80	12,310,000	1,652.90	6.18	AT9
2012	3,998,387.20	6,260,000	3,193.60	4.94	AJ1	2022	4,047,944.30	13,135,000	1,540.90	6.23	AU6
2013	4,070,994.40	6,820,000	2,984.60	5.13	AK8	2023	4,037,609.35	13,985,000	1,443.55	6.25	AV4

- (e) Prepayment: The Series 2003A Obligations are not subject to prepayment prior to maturity.

\$80,515,000 Series 2003B (Current Interest Obligation)

- (a) Dated Date: April 23, 2003
- (b) Principal Amount: \$80,515,000
- (c) Interest Payment Dates: June 30 and December 30, commencing December 30, 2003.
- (d) Maturity and Interest Rates: The Series 2003B Obligations shall mature on June 30, in the following years, in the following principal amount and bear interest as follows:

<u>Due June 30</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 68583R</u>
2024	\$14,880,000	5.66%	5.66%	AW2
2025	16,650,000	5.67	5.67	AX0
2026	18,575,000	5.68	5.68	AY8

\$30,410,000 5.60% Term Obligation due June 30, 2028 @ 5.71%; CUSIP No. 68583RBA9

- (e) Optional Prepayment: The Series 2003B Obligations are not subject to optional prepayment prior to maturity.
- (f) Mandatory Prepayment: The Series 2003B Obligation maturing on June 30, 2028 (the "2028 Term Obligation") is subject to mandatory prepayment by the Paying Agent prior to its stated maturity, in part, pro rata among Owners of the 2028 Term Obligation, on any June 30 on or after June 30, 2027, at the principal amount thereof together with accrued interest thereon to the date fixed for prepayment, without premium; solely from mandatory sinking fund payments deposited into the Obligation Account for the Obligations, as follows:

2003B Obligations Due June 30, 2028

<u>Payment Date June 30</u>	<u>Mandatory Prepayment</u>
2027	\$ 20,640,000
2028	9,770,000 ⁽¹⁾
	<hr/>
	\$ 30,410,000

(1) Final maturity.

In selecting 2028 Term Obligations for prepayment, Obligations will be selected pro rata among all Owners of the maturity being prepaid. The Trustee will direct DTC to instruct the DTC Participants to select pro rata among all Owners of such maturity being prepaid. For the purposes of such selection, Series 2003B Obligations will be deemed to be composed of \$5,000 portions and any such portion may be separately prepaid. So long as there is a securities depository for the Series 2003B Obligations, there will only be one Owner and neither the Issuers nor the Trustee will have responsibility for pro rating partial prepayments among beneficial owners of the Series 2003B Obligations.

EXHIBIT C

Community College District Issuers

1. Central Oregon Community College, Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties
2. Chemeketa Community College, Marion, Linn, Polk and Yamhill Counties
3. Columbia Gorge Community College, Wasco and Hood River Counties
4. Lane Community College, Benton, Douglas, Lane and Linn Counties
5. Mt. Hood Community College, Multnomah, Clackamas and Hood River Counties
6. Treasure Valley Community College, Malheur and Baker Counties

Exhibit D

Form of Opinion of Underwriters' Counsel

April 23, 2003

Seattle-Northwest Securities Corporation
Portland, Oregon

Re: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003
\$73,067,299.60 Series 2003A (Deferred Interest Obligations)
\$80,515,000 Series 2003B (Current Interest Obligations)

Ladies and Gentlemen:

We have acted as counsel for you as Underwriters in connection with your purchase from Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as trustee (the "Trustee") of \$73,067,299.60 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and \$80,515,000 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003B (collectively, the "Obligations"), pursuant to the Obligation Purchase Agreement, dated April 10, 2003 (the "Purchase Agreement"), between you and the Trustee. The Obligations are to be issued pursuant to a Trust Agreement, dated as of April 23, 2003 (the "Trust Agreement"), between the Trustee and each of the community college districts named therein (collectively the "Issuers"). The Obligations represent proportionate and undivided interests in the Pension Bonds to be issued on the date hereof by each of the Issuers. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

In that connection, we have reviewed certain portions of the Trust Agreement, the Intercept Agreement, dated as of April 23, 2003, among the Trustee, the Issuers and the Oregon Department of Community Colleges and Workforce Development (the "Intercept Agreement"), the official statement, dated April 10, 2003, with respect to the Obligations (the "Official Statement"), the continuing disclosure certificates of each of the Issuers and the Trustee, each dated April 23, 2003, with respect to the Obligations (collectively, the "Continuing Disclosure Certificates"), the Purchase Agreement, the resolution adopted by each of the Issuers, the Pension Bond Purchase Agreements, dated April 10, 2003, entered into by each of the Issuers and the Trustee (collectively, the "Pension Bond Purchase Agreements") and the certificates of the Trustee, the Issuers and others, the opinions referred to in paragraph 5 of the Purchase Agreement and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed. We have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.

In arriving at the opinions and conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including (without limitation) representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Obligations and the Pension Bonds and the exemption of interest thereon from

personal income taxation imposed by the State of Oregon and the legality, validity and enforceability of the Continuing Disclosure Certificates, all laws, documents and instruments providing for issuance and/or security or payment of the Obligations, the Pension Bonds, the Intercept Agreement and the Issuers' resolutions, the payments with respect to which are pledged to the Obligations). We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended or the Investment Company Act of 1940, as amended, and no filings are required under the Securities Exchange Act of 1934, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Agreement Act of 1939, as amended.

2. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as your counsel, to assist you in part of your responsibility with respect to the Official Statement, we participated in conferences with your representatives and representatives of the Trustee, the Issuers, Preston Gates & Ellis as bond counsel to the Issuers, and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in this transaction as underwriters' counsel, including the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that, during the course of our representation of you on this matter, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such representation which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, statistical or economic or demographic data or forecasts or expressions of opinion, the appendices or any information about book-entry, Tax Matters, DTC or the Bond Insurer included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. The Continuing Disclosure Certificates, together with paragraphs 2 and 5(d) of the Purchase Agreement, Section 6.1(d) of the Pension Bond Purchase Agreement and Section ____ of the Trust Agreement, satisfy the requirements contained in S.E.C. Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Obligations to provide the information at the times and in the manner required by said Rule; provided that, for purposes of this opinion, we are not expressing any view regarding the content of the Official Statement that is not expressly stated in numbered paragraph 2 of this letter.

We are furnishing this letter to you pursuant to paragraph 5(i) of the Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Obligations or by any other party to whom it is not specifically addressed.

Very truly yours,

D-2

BOND PRICING

Community College Pension Bond Pool
 Limited Tax Pension Obligations, Series 2003
 Final Pricing Numbers (4-9-03)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004	939,318.90	1.400%	1.400%	100.000	4,917.90	955,000
	06/30/2005	1,846,218.70	2.040%	2.040%	100.000	4,782.95	1,930,000
	06/30/2006	3,045,203.60	2.730%	2.730%	100.000	4,586.15	3,320,000
	06/30/2007	3,278,863.20	3.330%	3.330%	100.000	4,354.40	3,765,000
	06/30/2008	3,491,624.50	3.710%	3.710%	100.000	4,132.10	4,225,000
	06/30/2009	3,641,488.95	4.150%	4.150%	100.000	3,878.05	4,695,000
	06/30/2010	3,783,726.30	4.460%	4.460%	100.000	3,641.70	5,195,000
	06/30/2011	3,898,008.40	4.740%	4.740%	100.000	3,407.35	5,720,000
	06/30/2012	3,998,387.20	4.940%	4.940%	100.000	3,193.60	6,260,000
	06/30/2013	4,070,994.40	5.130%	5.130%	100.000	2,984.60	6,820,000
	06/30/2014	4,107,835.85	5.350%	5.350%	100.000	2,769.95	7,415,000
	06/30/2015	4,138,105.35	5.520%	5.520%	100.000	2,575.05	8,035,000
	06/30/2016	4,155,672.00	5.660%	5.660%	100.000	2,395.20	8,675,000
	06/30/2017	4,156,113.20	5.790%	5.790%	100.000	2,224.90	9,340,000
	06/30/2018	4,145,716.80	5.910%	5.910%	100.000	2,064.60	10,040,000
	06/30/2019	4,113,332.80	6.030%	6.030%	100.000	1,911.40	10,760,000
	06/30/2020	4,101,696.00	6.100%	6.100%	100.000	1,780.25	11,520,000
	06/30/2021	4,069,439.80	6.180%	6.180%	100.000	1,652.90	12,310,000
	06/30/2022	4,047,944.30	6.230%	6.230%	100.000	1,540.90	13,135,000
	06/30/2023	4,037,609.35	6.250%	6.250%	100.000	1,443.55	13,985,000
		<u>73,067,299.60</u>					<u>148,100,000</u>
Serial Maturities to 2026:							
	06/30/2024	14,880,000.00	5.660%	5.660%	100.000		
	06/30/2025	16,650,000.00	5.670%	5.670%	100.000		
	06/30/2026	<u>18,575,000.00</u>	5.680%	5.680%	100.000		
		50,105,000.00					
2028 Term Bond:							
	06/30/2027	20,640,000.00	5.600%	5.710%	98.530		
	06/30/2028	<u>9,770,000.00</u>	5.600%	5.710%	98.530		
		30,410,000.00					
		<u>153,582,299.60</u>					<u>148,100,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	153,582,299.60	
Original Issue Discount	<u>-447,027.00</u>	
Production	153,135,272.60	99.708933%
Underwriter's Discount	<u>-882,394.62</u>	-0.574542%
Purchase Price	152,252,877.98	99.134391%
Accrued Interest		
Net Proceeds	<u>152,252,877.98</u>	

COST OF ISSUANCE

Community College Pension Bond Pool
Limited Tax Pension Obligations, Series 2003
Final Pricing Numbers (4-9-03)

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	30,000.00
Bond Counsel	0.81390	125,000.00
Bond Trustee	0.89659	137,700.00
Official Statement	0.04883	7,500.00
Financial Advisor	0.10743	16,500.00
	2.06209	316,700.00

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Limited Tax Pension Obligations, Series 2003
Final Pricing Numbers (4-9-03)

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:
 Par Amount 153,582,299.60
 Original Issue Discount -447,027.00

153,135,272.60

Uses:

Refunding Escrow Deposits:
 Cash Deposit 151,418,473.00

Delivery Date Expenses:
 Cost of Issuance 316,700.00
 Underwriter's Discount 882,394.62
 Bond Insurance (FGIC @ .15%) 500,401.29

1,699,495.91

Other Uses of Funds:
 Additional Proceeds 17,303.69

153,135,272.60

RANDALL EDWARDS
STATE TREASURER



DEBT MANAGEMENT DIVISION
CHARLES R. SMITH, CFA
DIRECTOR
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97301-3896
(503) 378-4930
FAX (503) 378-2870
www.ost.state.or.us

OREGON STATE TREASURY

March 12, 2003

PRESTON GATES & ELLIS
Attn: Margo Sharp
222 SW Columbia, Suite 1400
Portland, OR 97201

RE: Proposed Negotiated Sale, Community Colleges (Pooled Obligations)
(Various Counties) \$100,000,000 Full Faith & Credit Obligations, Series
2003.

This is to confirm that the Community Colleges (Pooled Obligations) in Various
Counties has complied with the provisions of Oregon Revised Statutes 287.040
and Oregon Administrative Rule 170-61-000 in connection with the above-
referenced negotiated offering.

In accordance with OAR 170-61-020 (2), please send a completed MDAC Form
2 and final official statement, if available, for the above referenced sale within
five business days of the bond marketing date to:

Oregon State Treasury
Debt Management Division
350 Winter St. NE, Suite 100
Salem, Oregon 97301-3896

Sincerely,

A handwritten signature in black ink, appearing to read "C.R. Smith".

Charles R. Smith, CFA
Director, Debt Management Division

CRS:df

MUNICIPAL DEBT ADVISORY COMMISSION - FORM 1
BOND SALE NOTICE

(Filed separately for each series at least 10 days prior to Bond Marketing Date)

Phone: (503) 378-4930 Fax: (503) 378-2870

E-Mail: MDAC@MAIL.OST.STATE.OR.US

Initial Notification Update

Date Filed: March 11, 2003 County: Various Bond Type: Limited Tax GO(Self Supporting)
District/Issuer Name: Community Colleges -- Pooled Obligations Limited Tax GO(Non-Self Supporting)
Address: _____ Unlimited Tax GO(Self Supporting)
City, State, Zip: _____ Unlimited Tax GO(Non-Self Supporting)
Phone: _____ Revenue Limited Tax Revenue
 Conduit Revenue Certificates of Participation
Sale Type: Negotiated Full Faith & Credit Obligation
 Competitive Urban Renewal
 Privately Placed TAN's BAN's RAN's TRAN's

Primary
Repayment Source: Enterprise Revenues Property-Taxes General Fund
Rating(s): Yes No Moody's: _____ Underlying Ratings: x Applied For?: yes no
Standard & Poor's: _____
Fitch: _____

Credit Enhanced: Yes No Firm: FGIC Enhancement Type: Bank Guarantee Insurance
 Letter of Credit Line of Credit
 State Guarantee

Advance Refunding: Yes No Refunded Issue(s): _____
Current Refunding: Yes No Refunded Issue(s): _____
Advance/Current Refunding Present Value Saving: \$ _____

Issued Dated Date: Date of Delivery
Bond Marketing Date: April 9, 2003 Par Amount: \$100,000,000 (est.) Series: 2003 (only 1 series per form)

Project (please describe): Pension Bonds will be used to finance all or a portion of the each Issuer's' unfunded actuarial liability ("UAL") with the State of Oregon Public Employees Retirement System ("PERS") as of May 1, 2003, and to pay other costs related to the UAL, including the costs of issuance of the Obligations.

- Purpose
- Development: industrial development, economic development, and non-government office buildings
 - Education: primary and secondary education, higher education, and student loans
 - Electric Power: public power utilities
 - Environmental Facilities: solid waste disposal, resource recovery, pollution control, recycling
 - Health Care: hospitals, nursing homes, and life-care communities
 - Housing: single-family housing, multi-family housing
 - Public Facilities: government buildings, fire and police stations, jails and prisons, civic and convention centers, museums and libraries, stadiums and sports complexes, theaters, parks, zoos and beaches, building acquisition, childcare, golf course, and other recreation
 - Transportation: airports, seaports and marine terminals, toll roads, highways and streets, bridges, tunnels, parking facilities, mass transit
 - Utilities: water and sewer, gas, flood control, sanitation, combine utilities, miscellaneous utilities
 - General Purpose: general purpose, veterans (other than housing), agriculture, and unknown

Closing Date: April 30, 2003 Financial Advisor: _____
1st Optional Call Date: NA Pricing Advisor: _____
Final Maturity Date: June 30, 2028 Bond Counsel: Preston Gates & Ellis LLP
Federally Taxable? Yes No Underwriter: Seattle-Northwest Sec. Corp.
Zero Coupon Bond? Yes No Paying Agent: _____
Bank Qualified? Yes No Trustee: Wells Fargo
Subject to AMT? Yes No Borrower: _____

Form 1 Prepared By: Katie Schwab

Firm: Seattle-Northwest Sec. Corp.

Phone: (503) 275-8302

For Treasury Use Only
Compliance Letter to BC: _____ Debt System Entry Date: _____

**MUNICIPAL DEBT ADVISORY COMMISSION – FORM 2
BOND SALE RESULTS**

(Filed separately for each series within 5 days of Bond Marketing Date)

Phone: (503) 378-4930 Fax: (503) 378-2870

E-Mail: MDAC@MAIL.OST.STATE.OR.US

Initial Notification Update

Date Filed: 04/11/03 County: various
District/Issuer Name: Various Oregon Community Colleges
Address: _____
City, State, Zip: _____
Phone: _____

Bond Type: Limited Tax GO(Self Supporting)
 Limited Tax GO(Non-Self Supporting)
 Unlimited Tax GO(Self Supporting)
 Unlimited Tax GO(Non-Self Supporting)
 Revenue Limited Tax Revenue
 Conduit Revenue Certificates of Participation
 Full Faith & Credit Obligation
 Urban Renewal
 TAN's BAN's RAN's TRAN's

Sale Type: Negotiated
 Competitive
 Privately Placed

Primary Repayment Source: Enterprise Revenues Property-Taxes General Fund
Rating(s): Yes No Moody's: _____ Underlying Ratings: _____
Standard & Poor's: AA-/AAA Underlying Ratings: AA-
Fitch: _____ Underlying Ratings: _____

Credit Enhanced: Yes No Firm: FGIC Enhancement Type: Bank Guarantee Insurance
 Letter of Credit Line of Credit
 State Guarantee

Advance Refunding: Yes No Refunded Issue(s): _____
Current Refunding: Yes No Refunded Issue(s): _____
Advance/Current Refunding Present Value Saving: \$ _____

Issued Dated Date: 04/23/03

Bond Marketing Date: 04/09/03 Par Amount: \$153,582,299.60 Series: 2003 (only 1 series per form)

Purpose Project (please describe): Pay down UAL on pension system liabilities

- Development: industrial development, economic development, and non-government office buildings
- Education: primary and secondary education, higher education, and student loans
- Electric Power: public power utilities
- Environmental Facilities: solid waste disposal, resource recovery, pollution control, recycling
- Health Care: hospitals, nursing homes, and life-care communities
- Housing: single-family housing, multi-family housing
- Public Facilities: government buildings, fire and police stations, jails and prisons, civic and convention centers, museums and libraries, stadiums and sports complexes, theaters, parks, zoos and beaches, building acquisition, childcare, golf course, and other recreation
- Transportation: airports, seaports and marine terminals, toll roads, highways and streets, bridges, tunnels, parking facilities, mass transit
- Utilities: water and sewer, gas, flood control, sanitation, combine utilities, miscellaneous utilities
- General Purpose: general purpose, veterans (other than housing), agriculture, and unknown

Closing Date: 04/23/03 Financial Advisor: RFA and Charles Carter for select participants
1st Optional Call Date: None Pricing Advisor: _____
Final Maturity Date: June 30, 2028 Bond Counsel: Preston Gates & Ellis LLP
Federally Taxable? Yes No Underwriter: Seattle-Northwest Sec. Corp. /Purchaser: Seattle-Northwest Sec. Corp.
Zero Coupon Bond? Yes No Paying Agent: _____
Bank Qualified? Yes No Trustee: Wells Fargo Bank Northwest, N.A.
Subject to AMT? Yes No Borrower: _____

Net OID /OIP : \$447,027
Gross Underwriter Spread: \$882,395
Bond Insurance: \$500,401
Enhancement Fee: \$ _____ (e.g. OSBG, Letter of Credit, etc.) Average Life: 17.648
Other Issuance Costs: \$316,700 (e.g. BC, FA, U/W, Counsel, etc.) Number of Bids Received: =
Total Issuance Costs: \$1,699,496 TIC: 5.72%

Please Attach Final Maturity schedule with yields to maturity; identify & include Mandatory Sinking Fund Redemption schedules

Form 2 Prepared By: Katie Schwab

Firm: Seattle-Northwest Securities Corp.

Phone: (503)275-8302

For Treasury Use Only

Final OS Receipt Date: _____ Debt System Entry Date: _____ Schedule _____

\$73,067,299.60 Series 2003A (Deferred Interest Obligations)

<u>Due June 30</u>	<u>Principal Amount</u>	<u>Maturity Amount</u>	<u>per \$5,000 at Maturity</u>	<u>Yield to Maturity</u>	<u>CUSIP 68583R</u>	<u>Due June 30</u>	<u>Principal Amount</u>	<u>Maturity Amount</u>	<u>per \$5,000 at Maturity</u>	<u>Yield to Maturity</u>	<u>CUSIP 68583R</u>
2004	\$ 939,318.90	\$955,000	\$4,917.90	1.40%	AA0	2014	\$4,107,835.85	\$7,415,000	\$2,769.95	5.35%	AL6
2005	1,846,218.70	1,930,000	4,782.95	2.04	AB8	2015	4,138,105.35	8,035,000	2,575.05	5.52	AM4
2006	3,045,203.60	3,320,000	4,586.15	2.73	AC6	2016	4,155,672.00	8,675,000	2,395.20	5.66	AN2
2007	3,278,863.20	3,765,000	4,354.40	3.33	AD4	2017	4,156,113.20	9,340,000	2,224.90	5.79	AP7
2008	3,491,624.50	4,225,000	4,132.10	3.71	AE2	2018	4,145,716.80	10,040,000	2,064.60	5.91	AQ5
2009	3,641,488.95	4,695,000	3,878.05	4.15	AF9	2019	4,113,332.80	10,760,000	1,911.40	6.03	AR3
2010	3,783,726.30	5,195,000	3,641.70	4.46	AG7	2020	4,101,696.00	11,520,000	1,780.25	6.10	AS1
2011	3,898,008.40	5,720,000	3,407.35	4.74	AH5	2021	4,069,439.80	12,310,000	1,652.90	6.18	AT9
2012	3,998,387.20	6,260,000	3,193.60	4.94	AJ1	2022	4,047,944.30	13,135,000	1,540.90	6.23	AU6
2013	4,070,994.40	6,820,000	2,984.60	5.13	AK8	2023	4,037,609.35	13,985,000	1,443.55	6.25	AV4

\$80,515,000 Series 2003B (Current Interest Obligations)

<u>Due June 30</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 68583R</u>
2024	\$14,880,000	5.66%	5.66%	AW2
2025	16,650,000	5.67	5.67	AX0
2026	18,575,000	5.68	5.68	AY8

\$30,410,000 5.60% Term Obligation due June 30, 2028 @ 5.71%; CUSIP No. 68583RBA9

Mandatory Prepayment Schedule:

2003B Obligations due June 30, 2028

<u>Payment Date June 30</u>	<u>Mandatory Prepayment</u>
2027	\$ 20,640,000
2028	9,770,000 ⁽¹⁾
	<hr/>
	\$ 30,410,000

(1) Final maturity.

Oregon Community College Districts
\$153,679,187.05* Limited Tax Pension Obligations, Series 2003
(Federally Taxable)

\$59,964,187.05* Series 2003A
(\$121,010,000* Final Maturity Amount)
(Deferred Interest Obligations)

\$93,715,000* Series 2003B
(Current Interest Obligations)

DATED: Date of Delivery

DUE: June 30, as shown on the inside cover

STANDARD & POOR'S RATINGS ON THE OBLIGATIONS—"___", underlying; and "AAA", insured (see "Municipal Bond Insurance" and "Ratings" herein).

BOOK ENTRY ONLY—The Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Current Interest Obligations, Series 2003B (the "2003B Obligations"; collectively, the "Obligations") will be issued as fully registered obligations under a book-entry only system, registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Obligations. Individual purchases of the Obligations will be made in book-entry form, in denominations of \$5,000 (final maturity amount for the 2003A Obligations), or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased.

ISSUERS AND PURPOSE—Certain Oregon community college districts (collectively, the "Issuers") are issuing limited tax bonds (the "Pension Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS"), as more fully described herein, and to pay other costs related to financing the UALs, including costs of issuance. See "Purpose and Use of Proceeds" herein. The Issuers and the Trustee are required to enter into a Trust Agreement at closing to provide for the issuance and payment of the Obligations, which represent proportionate and undivided interests in and the right to receive the Pension Bond Payments.

THE PENSION BONDS AND THE OBLIGATIONS—*The Pension Bonds constitute such limited tax bonds of the Issuers. The Obligations represent proportionate and undivided interest in and right to receive particular Pension Bond Payments.*

SECURITY—The full faith and credit of each Issuer is pledged for the punctual payment of the principal of, premium, if any, and interest on its Pension Bond (the "Pension Bond Payments"), and debt service on the Pension Bonds is not subject to annual appropriation by the Issuers. The Pension Bonds will be payable from Available General Funds, including all taxes and other funds, of each Issuer legally available to such Issuer for payment of its Pension Bond. The Pension Bonds are further secured by an Intercept Agreement under which an amount equal to the debt service on each Issuer's Pension Bond is required to be diverted from State Education Revenues, defined herein, to the Trustee for the purposes of paying the principal and interest and any premium on the Pension Bonds. The Issuers are authorized to issue Future Pension Bonds and to require the Agency to divert State Education Revenues under the Intercept Agreement for debt service on such Future Pension Bonds. The Issuers are not authorized to levy additional taxes to pay the Pension Bonds. **NEITHER THE PENSION BONDS NOR THE OBLIGATIONS CONSTITUTE A DEBT OR INDEBTEDNESS OF THE OREGON DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE INDIVIDUAL ISSUERS.**

THE PENSION BONDS ARE LIMITED TAX BONDS. THE OBLIGATION OF THE ISSUERS TO PAY THE PENSION BONDS IS NOT SUBJECT TO ANNUAL APPROPRIATION BY THE ISSUERS AND THE PENSION BOND PAYMENTS ARE NOT SUBJECT TO ACCELERATION. FURTHER, NO ISSUER IS REQUIRED TO PAY ANY PORTION OF ANOTHER ISSUER'S PENSION BONDS OR LIABILITIES TO PERS.

Each Issuer is required to pay or cause to be paid the Pension Bond Payments on its series of limited tax Pension Bonds and the Trustee is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners.

Payment of the principal of and interest on the Obligations when due will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Obligations by Financial Guaranty Insurance Company.



FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government

PRINCIPAL AND INTEREST PAYMENTS—The 2003A Obligations are being issued as deferred interest obligations. Interest on the 2003A Obligations will be payable only at maturity, and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30, see "Accreted Value Table" herein).

The 2003B Obligations are being issued as current interest obligations. Interest on the 2003B Obligations will be payable on December 30, 2003 and semiannually thereafter on June 30 and December 30 of each year until maturity.

The principal of, premium, if any, and interest on the Obligations will be payable by the Trustee, currently Wells Fargo Bank Northwest, National Association, solely from Pension Bond Payments and from any amounts available in the funds and accounts established under the Trust Agreement, to DTC which, in turn, will remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Obligations.

MATURITY SCHEDULE—SEE INSIDE COVER

PREPAYMENT—The 2003A Obligations are not subject to optional or mandatory prepayment prior to their stated maturities. The 2003B Obligations may be subject to optional and mandatory prepayment.

TAX MATTERS—Interest on the Obligations is includable in gross income for federal income tax purposes. In the opinion of Preston Gates & Ellis LLP, Special Counsel to the Issuers, under existing law, interest on the Obligations is exempt from present personal income taxation imposed by the State of Oregon. See "TAX MATTERS" herein.

DELIVERY—The Obligations are offered for sale to the Underwriters subject to the final approving legal opinion of Preston Gates & Ellis LLP, Portland, Oregon, Special Counsel to the Issuers ("Special Counsel"). Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that the Obligations will be available for delivery to the Trustee for Fast Automated Securities Transfer on behalf of DTC, on or about April 30, 2003.

* Preliminary, subject to change.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This is a Preliminary Official Statement, subject to correction and change. The Issuers have authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds and Obligations, the Issuers will complete and deliver an Official Statement substantially in this form.



Salomon Smith Barney

Oregon Community College Districts

**\$59,964,187.05* Series 2003A; (\$121,010,000* Final Maturity Amount)
(Deferred Interest Obligations)**

DATED: Date of Delivery

DUE: June 30, as shown below

MATURITY SCHEDULE —

	Original	Final	Price	Approx.		Original	Final	Price	Approx.	
Due	Principal	Maturity	per \$5,000	Yield to	CUSIP	Due	Principal	Maturity	per \$5,000	Yield to
<u>June 30</u>	<u>Amount*</u>	<u>Amount*</u>	<u>at Maturity</u>	<u>Maturity</u>	_____	<u>June 30</u>	<u>Amount*</u>	<u>Amount*</u>	<u>at Maturity</u>	<u>Maturity</u>
			\$	%					\$	%
2004	\$ 820,335.60	\$840,000	\$	%		2014	\$3,582,385.95	\$6,645,000	\$	%
2005	2,044,159.20	2,160,000				2015	3,633,847.80	7,260,000		
2006	2,329,422.25	2,575,000				2016	3,659,855.40	7,890,000		
2007	2,583,573.30	3,010,000				2017	3,687,205.00	8,555,000		
2008	2,823,573.70	3,470,000				2018	3,679,685.75	9,235,000		
2009	3,021,830.55	3,945,000				2019	3,671,056.80	9,960,000		
2010	3,187,120.80	4,440,000				2020	3,657,672.40	10,715,000		
2011	3,326,291.50	4,955,000				2021	3,647,018.65	11,495,000		
2012	3,435,474.00	5,495,000				2022	3,637,850.20	12,305,000		
2013	3,535,828.20	6,060,000								

**\$93,715,000* Series 2003B
(Current Interest Obligations)**

DATED: Date of Delivery

DUE: June 30, as shown below

MATURITY SCHEDULE —

Due	Principal	Interest	Yield	CUSIP
<u>June 30</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	_____
2023	\$13,165,000			

\$80,550,000 ___% Term Obligation due June 30, 2028 @ ___; CUSIP No. _____

* Preliminary, subject to change.

Oregon Community College Districts - Issuers

1. Central Oregon Community College, Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties
2. Chemeketa Community College, Marion, Linn, Polk and Yamhill Counties
3. Columbia Gorge Community College, Wasco and Hood River Counties
4. Lane Community College, Benton, Douglas, Lane and Linn Counties
5. Mt. Hood Community College, Multnomah, Clackamas and Hood River Counties
6. Treasure Valley Community College, Malheur and Baker Counties

Special Counsel
Preston Gates & Ellis LLP
Portland, Oregon
(503) 228-3200

Trustee
Wells Fargo Bank Northwest, National Association
Portland, Oregon
(503) 886-1367

This Official Statement does not constitute an offer to sell the Obligations in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the Issuers or the Underwriters to give any information or to make any representations, other than those contained herein, in connection with the offering of the Obligations and, if given or made, such information or representations must not be relied upon. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the Issuers since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

Oregon Community College Districts

**\$153,679,187.05* Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

**\$59,964,187.05* Series 2003A
(\$121,010,000* Final Maturity Amount)
(Deferred Interest Obligations)**

**\$93,715,000* Series 2003B
(Current Interest Obligations)**

Introduction

Issuers and the Obligations

Six Oregon community college districts, as shown on the inside cover page of this Official Statement (collectively, the "Issuers"), are issuing limited tax pension bonds (the "Pension Bonds"), the proceeds of which will be used to finance a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS"), as more fully described herein, and to pay other costs related to financing the UAL, including costs of issuance of the Pension Bonds. The Issuers, political subdivisions duly organized and existing under and by virtue of the laws of the State of Oregon (the "State"), furnish this Official Statement in connection with the offering of \$59,964,187.05* (\$121,010,000* Final Maturity Amount) aggregate original principal amount of Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations"), and \$93,715,000* aggregate principal amount of Limited Tax Pension Current Interest Obligations, Series 2003B (the "2003B Obligations"; the 2003A Obligations and 2003B Obligations are collectively referred to herein as the "Obligations").

The Obligations and the Bonds

Proceeds received from the sale of the Obligations will be applied to purchase the Pension Bonds. The Obligations represent proportionate and undivided interests in and rights to receive particular payments of principal, premium, if any, and interest on the Pension Bonds, when due (the "Pension Bond Payments"). Each Issuer is required to pay the Pension Bond Payments or to cause such payments to be made on its behalf through the Intercept Agreement (see "Security for the Obligations - Intercept Agreement" herein) on its series of Pension Bonds, and Wells Fargo Bank Northwest, National Association (the "Trustee"), is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners and defined herein (see "Authorization for Issuance" and "Security for the Obligations" herein). EXCEPT FOR THE PAYMENT OF ITS PENSION BOND PAYMENTS AND ADDITIONAL CHARGES WHEN DUE IN ACCORDANCE WITH ITS RESOLUTION AND PENSION BOND, EACH ISSUER WILL HAVE NO OBLIGATION OR LIABILITY FOR ANY PAYMENT WITH RESPECT TO THE OBLIGATIONS AND NO OBLIGATION OR LIABILITY FOR ANY OTHER ISSUERS, OTHER PARTIES OR TO THE OWNERS OF THE OBLIGATIONS WITH RESPECT TO THE TRUST AGREEMENT OR THE TERMS, EXECUTION, DELIVERY OR TRANSFER OF THE OBLIGATIONS, OR THE DISTRIBUTION OF PENSION BOND PAYMENTS TO THE OWNERS BY THE TRUSTEE. See "Security for the Obligations" herein.

This Official Statement, which includes the cover page, inside cover and appendices, provides information concerning the Issuers, the Pension Bonds and the Obligations. Certain capitalized words and phrases used in this Official Statement have the meanings as defined in the Trust Agreement, described herein.

Description of the Obligations

Principal Amounts, Date, Interest Rates and Maturities

2003A Obligations. The 2003A Obligations will be issued in the aggregate original principal amount of \$59,964,187.05* (\$121,010,000* Final Maturity Amount) and will be dated and bear interest from their date of delivery. Interest on the 2003A Obligations will be payable only at maturity, and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30, see "Accreted Value Table" below). Interest on the 2003A Obligations, which is payable at maturity, is included in the Final Maturity Amount.

* Preliminary, subject to change.

Accreted Value Table - 2003A Obligations

**Accreted Value per \$5,000
(Maturity Date)**

<u>Date</u>	06/30/04 __%	06/30/05 __%	06/30/06 __%	06/30/07 __%	06/30/08 __%	06/30/09 __%
04/30/03	\$	\$	\$	\$	\$	\$
12/30/03						
06/30/04	5,000.00					
12/30/04	--					
06/30/05	--	5,000.00				
12/30/05	--	--				
06/30/06	--	--	5,000.00			
12/30/06	--	--	--			
06/30/07	--	--	--	5,000.00		
12/30/07	--	--	--	--		
06/30/08	--	--	--	--	5,000.00	
12/30/08						--
06/30/09						5,000.00

Accreted Value per \$5,000; (Maturity Date) - Continued

<u>Date</u>	06/30/10 __%	06/30/11 __%	06/30/12 __%	06/30/13 __%	06/30/14 __%	06/30/15 __%
04/30/03	\$	\$	\$	\$	\$	\$
12/30/03						
06/30/04						
12/30/04						
06/30/05						
12/30/05						
06/30/06						
12/30/06						
06/30/07						
12/30/07						
06/30/08						
12/30/08						
06/30/09						
12/30/09						
06/30/10	5,000.00					
12/30/10	--					
06/30/11	--	5,000.00				
12/30/11	--	--				
06/30/12	--	--	5,000.00			
12/30/12	--	--	--			
06/30/13	--	--	--	5,000.00		
12/30/13	--	--	--	--		
06/30/14	--	--	--	--	5,000.00	
12/30/14	--	--	--	--	--	
06/30/15	--	--	--	--	--	5,000.00

Accreted Value Table - 2003A Obligations
Accreted Value per \$5,000; (Maturity Date) - Continued

<u>Date</u>	<u>06/30/16</u> ___%	<u>06/30/17</u> ___%	<u>06/30/18</u> ___%	<u>06/30/19</u> ___%	<u>06/30/20</u> ___%	<u>06/30/21</u> ___%	<u>06/30/22</u> ___%
04/30/03	\$	\$	\$	\$	\$	\$	\$
12/30/03							
06/30/04							
12/30/04							
06/30/05							
12/30/05							
06/30/06							
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06/30/14							
12/30/14							
06/30/15							
12/30/15							
06/30/16	5,000.00						
12/30/16	-						
06/30/17	-	5,000.00					
12/30/17	-	-					
06/30/18	-	-	5,000.00				
12/30/18	-	-	-				
06/30/19	-	-	-	5,000.00			
12/30/19	-	-	-	-			
06/30/20	-	-	-	-	5,000.00		
12/30/20	-	-	-	-	-		
06/30/21	-	-	-	-	-	5,000.00	
12/30/21	-	-	-	-	-	-	
06/30/22	-	-	-	-	-	-	5,000.00

2003B Obligations. The 2003B Obligations will be issued in the aggregate principal amount of \$93,715,000* and will be dated and bear interest from the date of delivery. The 2003B Obligations will mature on the dates and in the principal amounts and will bear interest (payable semiannually on June 30 and December 30, first interest payable December 30, 2003) until the maturity or earlier prepayment of the 2003B Obligations at the rates set forth on the inside cover of this Official Statement. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
Projected Debt Service Schedule**

Fiscal Year	Principal ⁽¹⁾	Interest ⁽¹⁾	Total ⁽¹⁾
2004	\$ 820,336	\$ 6,428,364	\$ 7,248,700
2005	2,044,159	5,609,012	7,653,172
2006	2,329,422	5,738,749	8,068,172
2007	2,583,573	5,919,598	8,503,172
2008	2,823,574	6,139,598	8,963,172
2009	3,021,831	6,416,341	9,438,172
2010	3,187,121	6,746,051	9,933,172
2011	3,326,292	7,121,880	10,448,172
2012	3,435,474	7,552,698	10,988,172
2013	3,535,828	8,017,343	11,553,172
2014	3,582,386	8,555,786	12,138,172
2015	3,633,848	9,119,324	12,753,172
2016	3,659,855	9,723,316	13,383,172
2017	3,687,205	10,360,967	14,048,172
2018	3,679,686	11,048,486	14,728,172
2019	3,671,057	11,782,115	15,453,172
2020	3,657,672	12,550,499	16,208,172
2021	3,647,019	13,341,153	16,988,172
2022	3,637,850	14,160,321	17,798,172
2023	13,165,000	5,493,172	18,658,172
2024	14,820,000	4,728,285	19,548,285
2025	16,615,000	3,858,351	20,473,351
2026	18,555,000	2,883,051	21,438,051
2027	20,635,000	1,793,872	22,428,872
2028	9,925,000	582,598	10,507,598
	<u>\$ 153,679,187</u>	<u>\$ 185,670,928</u>	<u>\$ 339,350,115</u>

(1) Preliminary, subject to change.

NOTE: Columns may not foot due to rounding. Principal and interest figures are estimates and are subject to change. Debt service schedules for each of the Issuer's Pension Bonds will be attached to the final Official Statement as Appendix E.

Prepayment Provisions

2003A Obligations. The 2003A Obligations will not be subject to optional or mandatory prepayment prior to maturity.

2003B Obligations. The 2003B Obligations may be subject to optional prepayment. Terms of such optional prepayment will be included in the final Official Statement.

Mandatory Prepayment. The Series 2002B Obligation maturing on June 30, 2028 (the "2028 Term Obligation") is subject to mandatory prepayment prior to its stated maturity, in part, *pro rata* among Owners of the 2028 Term Obligation, on any June 30 on or after June 30, 2024, at the principal amount thereof together with accrued interest thereon to the date fixed for prepayment, without premium, solely from mandatory sinking fund payments deposited into the Obligation Account for the Obligations, as follows:

* Preliminary, subject to change.

2028 Term Obligations Maturing June 30, 2028

<u>Payment Date (June 30)</u>	<u>Mandatory Prepayment⁽¹⁾</u>
2024	\$ 14,820,000
2025	16,615,000
2026	18,555,000
2027	20,635,000
2028	<u>9,925,000⁽²⁾</u>
	<u>\$ 80,550,000</u>

(1) Preliminary, subject to change.

(2) Final maturity.

Selection of Obligations for Prepayment. If the Series 2002B Obligations maturing in 2028 are in book-entry form at the time of mandatory prepayment, the Trustee will direct DTC to instruct the DTC Participants to select such Series 2002B Obligations for prepayment *pro rata* among all Owners of the maturity being prepaid. Neither the Issuers nor the Trustee will have responsibility to insure that DTC or its participants properly select such Series 2002B Obligations for prepayment. If the Series 2002B Obligations maturing in 2028 are not then in book-entry form at the time of mandatory prepayment, the Trustee shall select such Series 2002B Obligations for prepayment in \$5,000 increments, *pro rata* among Owners to the greatest extent practicable.

Notice of Prepayment (DTC). So long as the 2003B Obligations are in book-entry only form, the Trustee is required to notify DTC of an early prepayment not less than 30 days prior to the date fixed for prepayment, and to provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the 2003B Obligations.

Notice of Prepayment (No DTC). During any period in which the 2003B Obligations are not in book-entry only form, unless waived by any Owner of the 2003B Obligations to be prepaid, official notice of any prepayment of 2003B Obligations will be given by the Trustee on behalf of the Issuers by mailing a copy of an official prepayment notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for prepayment, to the Owners of the 2003B Obligations to be prepaid at the addresses shown on the bond register or at such other addresses as are furnished in writing by such Owners to the Trustee.

Registration Features

The Obligations will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as Obligation Owner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 (final maturity amount for the 2003A Obligations) within a single maturity and integral multiples thereof. Purchasers ("Beneficial Owners") will not receive certificates representing their interest in the Obligations.

The principal of, premium, if any, and interest on the Obligations will be payable by the Trustee to DTC, which, in turn, is obligated to remit such principal, premium and interest to its participants for subsequent disbursement to the Beneficial Owners of the Obligations, as further described in Appendix B attached hereto. Interest on the Obligations will be credited to the Beneficial Owners by the DTC Participants.

The Trustee

The Trustee is a wholly owned subsidiary of Wells Fargo & Company (NYSE:WFC). Wells Fargo & Company is a diversified financial services company with approximately \$349 billion in assets as of December 31, 2002, providing banking, insurance, investments, mortgage and consumer finance from more than 5,400 stores and the Internet (wellsfargo.com) across North America and elsewhere internationally.

Book-Entry Bonds

DTC will act as securities depository for the Obligations. The ownership of one fully registered certificate for each series and maturity of the Obligations, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of the Obligations of such series and maturity will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B attached hereto for additional information concerning DTC and the book-entry system.

Procedure in the Event of Discontinuation of Book-Entry Transfer System. If DTC resigns as the securities depository and the Issuers are unable to retain a qualified successor to DTC, or if the Issuers have determined that it is in the best interest of the Issuers not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Obligations might be adversely affected if the book-entry system of transfer is continued, the Issuers are required to execute, authenticate and deliver at no cost to the Beneficial Owners of the Obligations or their nominees, Obligations in fully registered form, in the denomination of \$5,000 (final maturity amount for the 2003A Obligations) or any integral multiple thereof within a maturity. Thereafter, the principal of the Obligations will be payable upon due presentment and

surrender thereof at the principal office of the Obligation Registrar; interest on the Obligations will be payable by check or draft mailed or by wire transfer (wire transfer will be made only if so requested in writing and if the registered owner owns at least \$1,000,000 aggregate principal amount or accreted value of the Obligations) to the persons in whose names such Obligations are registered, at the address appearing upon the registration books on the 15th day of the month in which an interest payment date occurs, and the Obligations will be transferable as provided in the Trust Agreement.

Authorization for Issuance

The Pension Bonds. The Pension Bonds are authorized and issued under the resolutions listed in the following table (the "Resolutions") and adopted by each of the applicable Issuer's governing body (the "Board of Directors"). The Pension Bonds are being issued pursuant to Oregon Revised Statutes ("ORS") 238.692 to 238.698, inclusive (the "Pension Bonding Act"), which authorizes community college districts to issue limited tax bonds to finance their pension liabilities, and ORS 288.150, which permits the Issuers to pledge their full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Pension Bonds.

The Obligations. The Issuers are authorized under the Pension Bonding Act to sell their Pension Bonds to the Trustee. The Obligations represent proportionate and undivided interests in and rights to receive particular Pension Bond Payments. Each Issuer is required to pay the Pension Bond Payments or to cause such payments to be made on its behalf through the Intercept Agreement (see "Security for the Obligations - Intercept Agreement" herein) on its series of Pension Bonds, and the Trustee is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners and defined herein.

The Issuers and the Trustee are required to enter into a Trust Agreement at closing to provide for the issuance and payment of the Obligations. The Trust Agreement constitutes an intergovernmental agreement among the Issuers, authorized by the Pension Bonding Act, whereby the Issuers agree among themselves that the Pension Bonds and Obligations will be collectively issued, administered and paid as provided by the Trust Agreement.

Pension Bond Authorizing Resolutions

	Issuer	Resolution No.	Resolution Adopted
1.	Central Oregon Community College	--(1)	February 27, 2003
2.	Chemeketa Community College	02-03-31	February 19, 2003
3.	Columbia Gorge Community College	--(1)	February 12, 2003
4.	Lane Community College	479	February 12, 2003
5.	Mt. Hood Community College	--(1)	February 12, 2003
6.	Treasure Valley Community College	02-010	March 11, 2003

(1) Numbers are not assigned to resolutions.

Purpose and Use of Proceeds

The Pension Bonds. The proceeds from the sale of the Pension Bonds will be used to finance all or a portion of each Issuer's UAL with the State of Oregon Public Employees Retirement System ("PERS") as of May 1, 2003, and to pay other costs related to the UAL, including the costs of issuance of the Obligations. The May 1, 2003 UAL estimate is projected from PERS' December 31, 2001 actuarial valuation.

The Obligations. The Trustee is required to transfer Obligation proceeds from the Proceeds Account (see "Security for the Obligations - Funds and Accounts" herein) to PERS to reduce the estimated UAL for each Issuer.

The following table presents for each Issuer the Issuer's UAL as of December 31, 2001, as determined by Milliman USA; estimates of the Issuer's UAL as of May 1, 2003; and the total estimated principal amount of each Issuer's Pension Bond principal as of May 1, 2003. These estimates are preliminary and subject to change upon release of official calculations prepared by Milliman USA, actuary to PERS. The summary of the official calculations prepared by Milliman USA will be provided in the final Official Statement.

Estimated May 1, 2003 Pension Bond Principal

Issuer	Total December 31, 2001 UAL ⁽¹⁾	Estimated Total UAL as of May 1, 2003 ⁽²⁾	Estimated 2003 Pension Bond Principal ⁽³⁾
1. Central Oregon	\$20,591,818	\$22,740,807	\$11,516,663
2. Chemeketa	56,417,668	62,524,108	25,309,188
3. Columbia Gorge	3,144,960	3,485,358	3,569,390
4. Lane	61,782,642	68,469,767	51,873,074
5. Mt. Hood	45,227,817	50,123,109	50,662,830
6. Treasure Valley	9,544,333	10,577,376	10,748,043
Total:	\$222,197,265	\$246,167,282	\$153,679,188

- (1) *Source: Milliman USA.* The amounts in this column represent the total UAL determined by Milliman USA in the December 31, 2001 actuarial evaluation. Milliman USA's total UAL for all community college districts were allocated among the individual community college districts on the basis of each district's payroll as a percentage of the State and Local Government Rate Pool.
- (2) Amounts represent the projection of UAL as of May 1, 2003. Amounts are preliminary, subject to change.
- (3) Each Issuer may choose to finance all or a portion of its estimated UAL. These estimates are preliminary and subject to change upon release of official calculations prepared by Milliman USA, actuary to PERS. The summary of the calculations prepared by Milliman USA will be provided in the final Official Statement.

Sources and Uses of Funds

The proceeds of the Obligations are estimated to be applied as follows:

<u>Sources of Funds⁽¹⁾</u>	<u>Total</u>
Principal Amount of Obligations:	
Series A	\$
Series B	
Original Issue Premium/(Discount)	_____
Total Sources of Funds	\$ =====
 <u>Uses of Funds⁽¹⁾</u>	
Transfer to PERS	\$
Underwriters' Discount, Costs of Issuance, Obligation Insurance and Contingency	_____
Total Use of Funds	\$ =====

- (1) Preliminary, subject to change.

Security for the Obligations

General

Each Issuer is issuing its Pension Bond to finance all or a portion of its UAL and to pay other costs related to financing the UAL, including costs of issuance. Each Issuer's UAL is that Issuer's estimated allocated portion of the total State pool UAL as of May 1, 2003. State agencies, certain local governments and community college districts are pooled for actuarial purposes by PERS; this pool is referred to hereinafter as the "State and Local Government Rate Pool" (see "Oregon Public Employees Retirement System" herein). The Issuers and the Trustee are entering into a Trust Agreement at closing to provide for the issuance and payment of the Obligations. All of the rights, title and interest of the Issuers and the Trustee in and to the Pension Bonds and in and to all funds held by the Trustee under the Trust Agreement (including proceeds of the Obligations and any investment income therefrom), excepting only the right of the Trustee to the Additional Charges and indemnification (the "Trust Estate") are pledged for the benefit of the Owners of the Obligations. Within each fund and account held by the Trustee, the Trustee is required to establish a subaccount for each Issuer. Funds held by the Trustee in a subaccount of an Issuer in the Obligations Account may not be used to make the Pension Bond Payments of other Issuers. The Obligations represent proportionate and undivided interests in and rights to receive particular payments.

Full Faith and Credit Pledge

Each Issuer's Pension Bond is a limited tax bond of that Issuer. The full faith and credit and taxing power, within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, of each Issuer are pledged for the payment of the principal of, premium, if any, and the interest on its Pension Bond. Each Issuer's Pension Bond is payable from the

Issuer's Available General Funds, which is defined as all *ad valorem* property tax revenues received from levies under each Issuer's permanent rate limit and all other unrestricted taxes, fees, tuition, charges, revenues, including any state funding for community college districts, legally available to pay debt service on its Pension Bonds (the "State Education Revenues"). The Issuers are not authorized to levy additional taxes to pay the Pension Bonds.

Security Payments

The Issuers are scheduled to make monthly payments from September through May of each fiscal year in amounts that equal approximately 1/9th of the debt service on the Pension Bonds for each fiscal year (the "Security Payments"). The Trustee is required to adjust each Security Payment that is due immediately before each Pension Bond Payment to insure that the amount of that Security Payment, plus the Security Payments and Intercept Payments described below, that the Trustee then has available are sufficient to allow the Trustee to make each Pension Bond Payment when due. Any Intercept Payments received by the Trustee from the Agency and any investment earnings available to the Trustee shall be credited against the Security Payments.

Intercept Agreement

The Pension Bonds are secured, in part, by an Intercept Agreement under which the Oregon Department of Community Colleges and Workforce Development (the "Agency") has agreed to divert to the Trustee an amount equal to the debt service on each Issuer's Pension Bond from the first State Education Revenues available for that Issuer. The Intercept Agreement requires a supplemental intercept agreement for each future pooled pension bond issue. The Trust Agreement obligates the Trustee to apply the amounts the Trustee receives under the Intercept Agreement (the "Intercept Payments") to pay the principal and interest and any premium on the Pension Bonds. The Intercept Agreement provides that the Trustee is required to invoice the Agency no later than 15 days prior to the date on which an Intercept Payment is due (see "Intercept Schedule" and "Security Payments" herein), unless the Agency and the Trustee agree to a different schedule.

Each Issuer has covenanted that it will not enter into any other agreement with the Agency whereby State Education Revenues would be diverted in time or priority before diversion for the Pension Bonds. The Intercept Agreement provides that so long as any Intercept Payment for an Issuer is due or overdue, the Agency has covenanted that it will not disburse State Education Revenues to that Issuer until all of those Intercept Payments have been paid to the Trustee. If the Trustee learns from the Agency that the schedule for the Agency to receive State Education Revenues for each Issuer (the "Disbursement Schedule") from the State has changed, the Trustee is required to adjust its invoices to the Agency to conform to those changes in the revised Disbursement Schedule and to include the amounts to be paid by the Agency for each Issuer so that the Trustee continues to receive Intercept Payments for each Issuer in the amounts and at the times that are expected to avoid billings to, and Security Payments from, Issuers. The Trustee is also required to provide the Issuers with a copy of any new Disbursement Schedule within 10 days after receipt of such Disbursement Schedule from the Agency.

The Oregon School Bond Guaranty program (the "OSBG"), is a credit enhancement offered through the Oregon State Treasurer's office for voter-approved general obligation bonds. OSBG does not guarantee payment of principal, premium, if any, and interest on pension bonds or other debt that is not a voter-approved general obligation bond. The OSBG program allows the State Treasurer to intercept money in the Oregon Community College Support Fund (the "CCSF Fund") if an issuer of a guaranteed bond defaults and the State pays on the guaranty. Central Oregon Community College is the only Issuer that is a participant in the OSBG and others may participate in the future. Further, the State could authorize other intercept programs for other purposes in the future. Central Oregon Community College issued a general obligation bond in October 2001 that was enhanced by the OSBG. As of January 31, 2003, the principal amount outstanding on the bonds was \$9,645,000. None of the other Issuers currently have a bond enhanced by the OSBG.

Security Payments and Intercept Payments Schedule

The schedule of Intercept Payments should provide the Trustee for each series of Pension Bonds with Intercept Payments at times and in amounts that avoid Issuers being billed for, or required to make, Security Payments. The Security Payments of approximately 1/9th of the annual debt service on the Pension Bonds are due monthly from each Issuer to the Trustee from September to May. The Intercept Payment due on August 15th is required to be credited against the Security Payments that are scheduled to be made in September, October and November. The October 15th Intercept Payment is required to be credited against the Security Payments that are scheduled to be made in December, January and February. The January 15th Intercept Payments is required to be credited against the Security Payments that are scheduled to be made in March, April and May.

Unless the Agency and the Trustee agree in writing to a different schedule, the following schedule summarizes the schedule for invoicing and collecting Intercept Payments and Security Payments.

Payment Schedule

Due Date	Action
25 th day of month preceding the month in which an Intercept Payment is due:	Trustee sends an invoice for Intercept Payments to the Agency (invoice dates shall initially be July 25, September 25 and December 25);
25 th day of month preceding the month in which a Security Payment is due (Security Payments are due each month from September through May):	Trustee sends an invoice for Security Payments to each Issuer to cover deficiencies, if any, in Intercept Payments (invoice dates are initially August 25 through April 25);
15 th day of month in which an Intercept Payment is due:	Intercept Payments due from the Agency (Intercept Payments are initially due on August 15, October 15 and January 15);
20 th day of month in which a Security Payment is due:	Security Payments due from Issuers (Security Payments are initially due in each month from September through May); and
30 th day of June and December:	Obligation Payment date.

THE PRECEDING PAYMENT SCHEDULE FOR INTERCEPT PAYMENTS MAY CHANGE TO ACCOMMODATE CHANGES IN THE DISBURSEMENT SCHEDULE AND INTERCEPT SCHEDULE. THE TRUST AGREEMENT PROVIDES, HOWEVER, THAT SECURITY PAYMENTS ARE ALWAYS DUE TO THE TRUSTEE NO LATER THAN THE 20TH DAY OF THE MONTH WHEN DUE.

If the Trustee does not receive an Intercept Payment for an Issuer when due or only receives a partial Intercept Payment, the crediting against Security Payments shall occur as set forth below. If the Disbursement Schedule changes from the August, October, January schedule, the crediting of Security Payments shall be as described below. If no Intercept Payments are received, there will be no crediting against Security Payments.

Partial Intercept Payments. If the Disbursement Schedule does not change but the Agency is not able to make a full Intercept Payment, the partial amount of the Intercept Payment that is made will be credited by the Trustee against any Security Payments currently due and the Issuers will pay any deficiencies in their monthly Security Payments. The Trustee will bill the Agency for the deficiency in the Intercept Payment with the next Intercept Payment. If the Trustee receives an Intercept Payment that pays a billing for a prior deficiency before the Trustee receives one or more of the Security Payments that were billed because of the deficiency, the Trustee shall notify the affected Issuers as soon as practical if any of the previously billed Security Payments are no longer required. If the Trustee receives both an Intercept Payment that pays a billing for a prior deficiency and one or more Security Payments that were billed because of that deficiency, the Trustee shall credit the excess against the next Intercept Payments.

Late Intercept Payments. If the Disbursement Schedule does not change, the Agency makes a partial Intercept Payment and then makes a further late Intercept Payment, the late payment will be credited by the Trustee against any Security Payments currently due and the Issuers will pay any deficiencies in their monthly Security Payments.

Change in Disbursement Schedule. If the Disbursement Schedule changes, the Trustee shall credit any Intercept Payments it receives against any Security Payments currently due and, pursuant to the Intercept Agreement, will revise the amounts and timing of the Intercept Payments.

PAYMENT OF DEBT SERVICE THROUGH THE INTERCEPT AGREEMENT ON THE OBLIGATIONS AND THE PENSION BONDS DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR THE AGENCY. THE AVAILABILITY OF STATE EDUCATION REVENUES TO EACH ISSUER IS SUBJECT TO APPROPRIATION BY THE STATE LEGISLATIVE ASSEMBLY. The Intercept Agreement contains no default provisions and the Trustee may have no remedy against the Agency if the Agency does not comply with the terms of the Intercept Agreement. ORS 238.698 specifically provides that the Agency may enter into a diversion agreement such as the Intercept Agreement and that such agreement must provide that:

- 1) diverted payments will be paid directly to the Trustee on behalf of the Issuers in amounts equal to the debt service owed by the Issuers;
- 2) the Agency must pay the amounts due under the diversion agreement to the debt service trust fund before paying any other amounts to the Issuers;
- 3) the agreement is irrevocable; and

4) the agreement will remain in effect until all the bonds issued by the Issuers mature or are prepaid.

As mandated by statute, these terms and obligations of the Agency are contained in the Intercept Agreement.

The form of the Intercept Agreement is attached to this Official Statement as Appendix F.

Each Issuer has represented, covenanted and warranted that all required action has been taken to ensure the enforceability of its obligations under the Intercept Agreement and has covenanted to take all actions that are required to continue to qualify it to receive State Education Revenues.

THE PENSION BONDS ARE LIMITED TAX BONDS. THE OBLIGATION OF EACH ISSUER TO PAY ITS PENSION BOND IS NOT SUBJECT TO ANNUAL APPROPRIATION AND THE PENSION BOND PAYMENTS ARE NOT SUBJECT TO ACCELERATION. NO ISSUER IS REQUIRED TO PAY ANY PORTION OF ANOTHER ISSUER'S PENSION BOND OR LIABILITIES TO PERS (see "Full Faith and Credit Pledge" and "Security Payments" herein).

Coverage of Pension Bond Debt Service

College	State Education Revenues			Average Annual Debt Service ⁽¹⁾	Coverage on Avg. Annual Debt Service ⁽¹⁾⁽²⁾
	1999-2000	2000-2001	2001-2002		
1. Central Oregon	\$ 6,606,779	\$ 7,159,448	\$ 7,912,488	\$ 1,016,831	6.50
2. Chemeketa	26,166,385	26,736,583	27,867,865	2,235,119	11.71
3. Columbia Gorge	1,887,634	2,004,737	2,260,978	315,013	5.99
4. Lane	29,255,830	29,760,562	30,632,906	4,582,251	6.38
5. Mt. Hood	18,638,843	20,504,795	21,829,176	4,475,838	4.16
6. Treasure Valley	5,387,670	5,578,733	5,711,108	948,952	5.68

(1) Preliminary, subject to change.

(2) Coverage represents the lowest level of State Education Revenues received in the past 3 fiscal years over debt service on the Pension Bonds.

Source: Derived from the Audited Financial Reports of the individual Issuers.

Funds and Accounts

The Trustee is required to establish, hold and maintain a special fund known as the "Series 2003 Community College Pension Obligation Trust Fund" (the "Trust Fund") separate and apart from all other funds and moneys. The Trust Fund will include three separate accounts known as the "Proceeds Account", "Obligation Account", and "Prepayment Account" and within each Account, a separate subaccount for each Issuer. Each of these accounts is more fully described below.

Proceeds Account. The proceeds from the sale of the Obligations, net of any contingency, is required to be credited to the Proceeds Account for the sole use of paying pension liabilities of the Issuers to PERS and to pay the costs of issuance of the Pension Bonds.

Obligation Account. Amounts specified as a contingency amount in the closing instructions will be deposited in the applicable Issuer's subaccount of the Obligation Account. The Obligation Account and its subaccounts will be maintained by the Trustee until all Obligations have been paid in full.

To secure the payment of Pension Bond Payments, the Agency is required to transfer Intercept Payments to the Trustee on behalf of each Issuer. To the extent funds provided in accordance with the Intercept Agreement are insufficient, the Trust Agreement requires each Issuer to transfer the Security Payment to the Trustee for deposit in the Obligation Account no later than the 20th day of each month in which a Security Payment is due. The Trustee is required to credit each Issuer's Security Payment and any amounts it receives as Intercept Payments from the Agency on behalf of the Issuer to that Issuer's subaccount of the Obligation Account. On each Payment Date the Trustee is required to apply the Security Payments and Intercept Payments on deposit in each of the subaccounts of the Obligation Account to pay the Pension Bond Payments of the Issuers for which those subaccounts were created, and transfer those Pension Bond Payments to the Owners.

If, after the Trustee receives a Security Payment, and prior to a Payment Date, funds in an Issuer's subaccount are insufficient to make its Pension Bond Payments due to an investment loss, the Trustee is required to notify such Issuer and demand payment for the balance of the Pension Bond Payment.

If, on any Payment Date, the amount available in an Issuer's subaccount of the Obligation Account is less than the Pension Bond Payment which is due from that Issuer on that Payment Date, the Trustee is required to apply the amount then

available in the Obligation Account to Owners proportionally, based on the aggregate amount of principal and interest that was paid on the Pension Bonds by the Issuer and other Issuers.

Any amounts in a subaccount of the Obligation Account remaining after a Pension Bond Payment is made will be retained in such subaccount. The Trustee is required to credit such remaining amounts in each Issuer's subaccount against the next Intercept Payment or Security Payment due from that Issuer. Amounts in an Issuer's subaccount will not be used to make Pension Bond Payments of other Issuers. Any surplus remaining in an Issuer's subaccount of the Obligation Account after payment of all amounts due under that Issuer's Pension Bond, payment of all Obligations which are entitled to be paid from the Pension Bond Payments under that Pension Bond, and payment of any applicable fees and expenses of the Trustee, will be paid to such Issuer.

Prepayment Account. The Trustee is required to establish a separate account within the Trust Fund to be designated the "Prepayment Account," and also establish a separate subaccount in the Prepayment Account for each Issuer. The Prepayment Account and its subaccounts will be maintained by the Trustee until the Pension Bond Payments are paid in full or defeased pursuant to the terms of the Pension Bonds. The Trustee is required to deposit all principal components of each Issuer's Pension Bond Payments which are prepaid in that Issuer's subaccount of the Prepayment Account. Forty days prior to each Obligation prepayment date, the Trustee is required to determine the amount available in each subaccount of the Prepayment Account, and is required to apply that amount to prepay related principal components of Obligations. For purposes of the preceding sentence, the Trustee may consider amounts deposited in a defeasance escrow held by the Trustee as available in the Prepayment Account.

Investment of Funds. The Trust Agreement provides that the moneys and investments held by the Trustee are irrevocably held in trust for the benefit of the Owners of the Obligations and that such moneys and investments are not subject to levy, attachment or lien by or for the benefit of any creditor of the Trustee, any Issuer or Owner. At the written direction of each Issuer, amounts held by the Trustee in each Issuer's subaccounts will be invested between the date of the Security Payment or Intercept Payment and the date of the corresponding Bond Payment in Permitted Investments (meaning any investment in which an Oregon community college district is permitted by Oregon law and its investment policies to invest its surplus funds, bond proceeds or bond funds, provided such investment does not mature later than the next applicable Payment Date). Interest earnings on each Issuer's subaccount in each account held by the Trustee is required to be credited to that subaccount. The Trustee may commingle any of the funds held by it for investment purposes only.

Future Pension Bonds

The Issuers and/or other community college districts have the right to issue future Pension Bonds (the "Future Pension Bonds") if the Issuers and/or other community college districts and any Trustees for the Future Pension Bonds authorize and enter into the Intercept Agreement and confirm that all applicable representations in the Intercept Agreement are correct. The Intercept Agreement provides that Future Pension Bonds for an individual Issuer are required to have a parity claim on amounts payable under the Intercept Agreement.

The Intercept Agreement provides that if the Agency is required to make more than one Intercept Payment each month for an Issuer, and the Agency does not have sufficient funds to pay all the Intercept Payments for that Issuer, the Agency shall apply funds it has available for that Issuer proportionally to pay all Intercept Payments due for that Issuer.

Defaults and Remedies

Defaults. The following occurrences constitute Events of Default under the resolutions authorizing the Pension Bonds ("Pension Bond Default"):

- (1) Failure by the Issuer to pay Pension Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Pension Bond Payments have been properly called for prepayment);
- (2) Failure by the Issuer to observe and perform any covenant, condition or agreement which the Issuer's Pension Bonds require and the failure continues for a period of 60 days after written notice to the Issuer by the Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it will not constitute an Event of Default so long as corrective action is instituted by the Issuer within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice; or,
- (3) The Issuer is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

One or both of the following constitute Events of Default under the Trust Agreement:

- (1) If default will be made in the due and punctual payment of any principal or interest scheduled to be paid on the Obligations; or
- (2) The occurrence of any Pension Bond Default.

The occurrence of any Pension Bond Default of an Issuer does not constitute a Pension Bond Default of other Issuers.

Remedies. The Trustee may waive any Event of Default under a Pension Bond and its consequences, except a failure to pay principal, interest or premium, when due. If an Event of Default occurs and is continuing, the Trustee may exercise any remedy available at law or in equity; however, the Pension Bond Payments will not be subject to acceleration, and each Issuer is responsible solely for its Pension Bond Payments and any fees and other charges of the Trustee ("Additional Charges") reasonably allocated to it.

Upon the occurrence and continuance of any Event of Default under the Trust Agreement, the Trustee may, and if the Owners of not less than 51 percent in aggregate principal amount of Obligations then Outstanding so request, will take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the Trustee or the Owners of Obligations by the Trust Agreement or the Pension Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Trust Agreement or in aid of the exercise of any power granted in the Trust Agreement or for the enforcement of any other legal or equitable right vested in the Trustee by the Trust Agreement or by law; provided that in no event will the Trustee have the right to accelerate the Pension Bond Payments or the Obligations. The Trustee is not permitted to exercise remedies against an Issuer which has not caused a Pension Bond Default.

The Trust Agreement provides that no remedy is intended to be exclusive and that every such remedy will be cumulative and will be in addition to every other remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

If at any time after a Pension Bond Default has occurred the moneys in an Issuer's subaccount of the Obligation Account are not sufficient to pay the Additional Charges and the Pension Bond Payments as the same become due and payable, any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for under the Trust Agreement or otherwise, are required to be applied by the Trustee as follows:

- (1) To the payment of any Additional Charges which are then due or overdue.
- (2) To the payment of the interest on such Issuer's Pension Bonds.
- (3) To the payment of the principal on such Issuer's Pension Bonds.

In no event shall non-payment of one Series 2003 Issuer affect another. Obligations are to be paid pro-rata.

Municipal Bond Insurance Policy. Under the terms of the Municipal Bond Insurance Policy (see "Municipal Bond Insurance Policy" herein), the following default-related provisions will be incorporated into the Trust Agreement and apply to the Obligations:

- (1) The Trustee shall use the remaining funds for each Issuer in the Trust Estate to pay principal of or interest on the share of the Obligations allocable to that Issuer in the event of a payment default.
- (2) No effect shall be given to payments made under the Municipal Bond Insurance Policy in determining whether a payment default has occurred or whether a payment on the Obligations has been made under the Trust Agreement and the Intercept Agreement.
- (3) Financial Guaranty shall receive immediate notice of any payment default and notice of any other default known to the Trustee or the Issuers within 30 days of the Trustee's or the Issuers' knowledge thereof.
- (4) For all purposes of the default and remedies provisions, except the giving of notice of default to Owners, Financial Guaranty shall be deemed to be the sole holder of the Obligations it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy. Financial Guaranty shall be deemed to be the sole holder of the Obligations insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Obligations insured by it are entitled to take pursuant to the Trust Agreement.
- (5) Financial Guaranty shall be included as a party in interest and as a party entitled to (i) notify the Issuers, the Trustee, or any applicable receiver of the occurrence of an event of default and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the Obligations of the security therefore. The Trustee or receiver shall be required to accept notice of default from Financial Guaranty.

Amendments to Resolutions and Pension Bonds

The Resolutions authorize the issuance by the Issuers of their Pension Bonds (see "Authorization for Issuance" herein) and the Resolutions and the Pension Bonds may only be amended with the consent of the Trustee. The Trustee shall not consent to amendments of the Resolutions unless the amendments do not materially and adversely change the rights of the Trustee as Pension Bond Owner, and unless the Trustee receives the consent of the Obligation Insurer. At the request of any Issuer and without the consent of Owners, the Trustee may, with an approving opinion of Special Counsel, approve amendments of the Pension Bonds and the related Resolutions which are required (a) to cure any formal defect, omission, inconsistency or ambiguity or to conform those documents to the requirements of the Trust Agreement or (b) to make any other change which, in the reasonable judgment of the affected Issuer and the Trustee, does not materially and adversely

affect the Owners. Any other amendment to the Pension Bonds and the Resolutions requires the consent of the affected Issuer, the Trustee and the Owners of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding and an approving opinion of Special Counsel. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Pension Bonds that would permit the termination or cancellation of the Pension Bonds, a reduction in or postponement of the Pension Bond Payments or a release of the full faith and credit pledge.

Amendments to Trust Agreement

Supplemental Trust Agreement without Consent of Owners. Upon the written consent of Financial Guaranty (or, if the Municipal Bond Insurance Policy is no longer in effect, the Issuers representing 51 percent or more of the then outstanding principal amount of Pension Bonds), the Trustee may amend the Trust Agreement without the consent of or notice to the Owners and, if the Municipal Bond Insurance Policy is in effect, without the consent of or notice to the Issuers for any of the purposes listed below:

- (1) To cure any formal defect, omission, inconsistency or ambiguity in the Trust Agreement.
- (2) To grant to or confer or impose upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed.
- (3) To add to the covenants and agreements of, and limitations and restrictions upon, the Trustee or the Issuers in this Trust Agreement other covenants, agreements, limitations and restrictions to be observed by the Trustee or the Issuers which are necessary or desirable and not contrary to or inconsistent with the Trust Agreement as theretofore in effect. No amendment will increase an Issuer's obligations or limitations under the Trust Agreement, or change an Issuer's obligations under its Pension Bond without that Issuer's consent.
- (4) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Trust Agreement, or of any other moneys, securities or funds.
- (5) To evidence the appointment of a successor Trustee.
- (6) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended and supplemented.

Before the Trustee shall amend the Trust Agreement as provided above, an opinion of counsel is required to be delivered to the Trustee stating that such supplement or amendment does not materially and adversely affect the rights or obligations of the Issuers. If the Trustee does not receive such an opinion, then any such proposed supplement or amendment shall require the consent of Issuers representing not less than 51 percent of the then outstanding principal amount of the Pension Bonds.

Before the Trustee and the Issuers enter into any Supplemental Trust Agreement, an opinion of Special Counsel is required to be delivered to the Trustee stating that such supplemental trust agreement is authorized or permitted by the Trust Agreement, complies with its terms, and will be valid and binding upon the Trustee and the Issuers in accordance with its terms.

Issuers representing 51 percent or more of the then outstanding Principal amount of Pension Bonds and the Trustee may amend the Trust Agreement for purposes not described in (1) through (6) above only with the consent of the Owners of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding.

The consent of all affected Owners of all the Obligations then Outstanding is required for:

- (1) a change in the terms of the payment or prepayment of any portion of the Pension Bond Payments, or
- (2) the creation of a claim or lien upon, or a pledge of the Trust Estate ranking prior to or (except as expressly permitted in the Trust Agreement or Pension Bonds) on a parity with the claim, lien or pledge created by the Trust Agreement, or
- (3) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or
- (4) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental trust agreement or which is required for any modification, alteration, amendment or supplement to the Pension Bonds.

ANY AMENDMENT OR SUPPLEMENT TO THE TRUST AGREEMENT OR ANY OTHER PRINCIPAL FINANCING DOCUMENTS SHALL BE SUBJECT TO THE PRIOR WRITTEN CONSENT OF FINANCIAL GUARANTY AS SET FORTH IN THE TRUST AGREEMENT.

Municipal Bond Insurance

Concurrently with the issuance of the Obligations, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy (the "Policy") for the Obligations described in the Policy (as used under the heading, the "Obligations"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Obligations which has become due for payment, but shall be unpaid

by reason of nonpayment by the issuer of the Obligations (the "Issuer"). Financial Guaranty will make such payments to U.S. Bank National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal or accreted value (if applicable) and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Obligations or the Trustee of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Obligation to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Obligation includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Obligation which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Obligations. The Policy covers failure to pay principal or accreted value (if applicable) of the Obligations on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Obligations may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Obligations are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuers are required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Obligations and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Obligations (see "Ratings" herein).

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2002, the total capital and surplus of Financial Guaranty was approximately \$978 million. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

Ratings

As noted on the cover page of this Official Statement, the Obligations received an "___" underlying rating and "AAA" insured rating from Standard and Poor's with the understanding that, upon delivery of the Obligations, an insurance policy will be issued by Financial Guaranty with respect to the Obligations. The ratings reflect only the views of the rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

The Issuers

General

Community college districts are municipal corporations established pursuant to Oregon Revised Statutes Chapter 341. There is currently no mechanism in the Oregon Revised Statutes or State Constitution for an Oregon community college district to dissolve.

Community Colleges are educational institutions offering broad, comprehensive programs in academic as well as professional technical subjects. They provide two-year programs for some and serve to provide as transitional training for

those who continue college work elsewhere. Community colleges also provide professional technical training to allow attainment of new skills as demands for old skills and old occupations are supplanted by new technologies.

Community colleges are governed by boards of education whose members are elected on a district-wide basis for staggered four-year terms of office. The board of education has the oversight, responsibility and control over all activities related to the community college. A board-appointed budget committee works in conjunction with the board of education in each college's budget process.

The community colleges are subject to supervision by the State. The State Board of Education, a group of seven people appointed by the governor, is responsible for coordinating the community college program of the State and has general supervisory responsibilities for that program. The State Board of Education prepares estimates and makes the request for legislative appropriations for a reasonable and consistent basis of support and establishes standards for the distribution of that support. The administrative functions of the State Board of Education are handled through the Oregon Department of Community Colleges and Workforce Development, whose executive head is the Commissioner for Community College Services appointed under ORS 326.

Students

The following table shows the full-time equivalent student enrollment for each of the Issuers.

**Oregon Community College Districts
Full-Time Equivalent Student Enrollment**

College	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
Central Oregon	2,761.80	2,809.57	2,864.93	2,925.05	3,198.18	3,849.35	3,837.37	3,754.12	3,971.70
Chemeketa	10,593.06	10,163.04	10,090.90	10,852.80	10,428.85	10,523.21	11,070.65	11,201.91	11,471.17
Columbia Gorge	564.14	541.34	590.34	637.38	657.88	706.15	708.65	803.11	874.40
Lane	12,010.95	11,544.89	11,464.40	11,338.60	11,474.75	11,299.40	11,709.68	12,157.07	12,694.05
Mt. Hood	7,664.55	6,916.74	6,882.00	7,152.18	7,400.14	8,266.30	8,892.82	9,526.36	9,476.40
Treasure Valley	1,485.86	1,402.94	1,633.34	1,863.58	2,018.28	2,018.63	1,931.16	1,748.09	1,724.74

Source: Oregon Community College Workforce and Development, Commissioners 2003-05 Proposal, January 2003

Real Market Value

A summary of each Issuer's real market value of property within the college district boundaries is summarized in the following table.

**Oregon Community College Districts
Real Market Property Value - 2002-2003**

Issuer	2002-03 Real Market Value
1. Central Oregon Community College	\$17,647,023,925
2. Chemeketa Community College	24,894,440,986
3. Columbia Gorge Community College	3,237,229,731
4. Lane Community College	23,349,685,837
5. Mt. Hood Community College	20,737,378,932
6. Treasure Valley Community College	1,697,594,790

Sources for Real Market Values: County assessors offices in which the Issuers' districts lie.

State Funding, Property Taxes and Other Revenue Sources

Community College District Funding

Community colleges derive revenue from three primary sources: State aid, ad valorem property taxes, and tuition and fees. On average, State funding represents 49 percent of community college funding for all of Oregon's community colleges combined; property taxes represent 23 percent of community college funding; and tuition and fees represent 28 percent. These percentages are averages and may vary widely from college to college.

State of Oregon Community Colleges Funding

The largest portion of revenue for community college districts is derived from State revenues, which is based on a funding formula. The State Legislature, which meets on a biennial basis, is charged with determining the amount of education funding. The State Board of Education establishes the allocation formula, which is subject to change. The current formula

allocates revenues to community college districts based on the weighted average full-time equivalent ("WFTE") student for each community college district.

State Funding Formula. Community College Support Funds (State support) are distributed through a funding formula contained in Oregon Administrative Rules 589-002-0100. The current formula steps follow:

- (1) The formula starts by including one-half of the State revenue support appropriated for community colleges in a given biennium by the Legislature (i.e., the amount allocated for one fiscal year, rather than both fiscal years) and then subtracts the cost of certain line-item investments, such as service to students outside of districts, newly annexed areas, or other items directed by the Legislature, to be distributed outside the formula (the net amount is referred to as "State Formula Resources").
- (2) One-half of locally generated property taxes are added to the State Resources described above. The total funds available for distribution through the funding formula are referred to as "Total Formula Resources". Local option and capital construction bond levies are excluded from the Total Formula Resources.
- (3) Total Formula Resources are distributed to individual community colleges based on a specific dollar amount for each WFTE student. Five-hundred and ten clock hours of coursework equals one student deemed to be enrolled on a full-time equivalent basis (student full-time equivalent or "SFTE"). WFTE consists of 40 percent of SFTE from the first year prior to the funding year and 30 percent of the SFTE from each of the second and third years prior to the funding year.
- (4) The State projected that each college would receive a base payment of \$589 per WFTE up to and including 1,100 WFTEs for fiscal year 2002-03. The base payment for each college is subject to adjustments according to the size of the college, providing colleges with lower weighted average enrollment with higher base payment adjustments. The amount necessary to fund the base payment is subtracted from the Formula Resources prior to distributing the funds on a WFTE basis.
- (5) The remaining Formula Resources are divided by total WFTE. This amount is then multiplied by the individual college's WFTE to project its share of Formula Resources. Certain "gap" rules may reallocate a portion of these funds to smooth the impact of large changes in state support from one year to the next on an individual college. This amount is referred to as the "formula distribution amount".
- (6) Each college's State support is then determined by subtracting out one-half of its property taxes. Individual colleges receive property taxes directly (see "State Funding, Property Taxes and Other Revenue Sources - Property Taxes" herein). Community colleges with higher property taxes per WFTE receive less State funding than those with lower property taxes under the State funding formula.

The following table shows the calculation of State revenue for Oregon's community colleges:

**Oregon Community College Districts
Calculation of Amount Available per FTE**

	2001-2003 Biennium		Projected 2003-2005 Biennium	
	2001-2002	2002-2003	2003-2004	2004-2005
Yearly Formula Resources:				
Total State Formula Resources	\$220,270,037	\$204,965,137	\$199,271,970	\$199,271,970
Property Taxes @ 50%	\$46,041,683	\$48,088,238	\$49,664,206	\$51,899,095
Total Formula Resources	\$266,311,719	\$253,053,375	\$248,936,175	\$251,171,064
Total Amount for Base	\$8,993,144	\$10,832,203	\$11,352,920	\$11,743,759
Available for FTE Distribution	\$257,318,575	\$242,221,171	\$237,583,255	\$239,427,306
Amount Available per FTE	\$2,907	\$2,624	\$2,476	\$2,495

Sources: *Community College Support Fund Workbook, Oregon Department of Community Colleges and Workforce Development, February 27, 2003*

State Funding Formula - Recent Litigation and Proposed Legislation. Central Oregon Community College filed suit against the State, through the Board of Education, on December 10, 2002, seeking to have local property taxes excluded from the State's community college fund allocation formula. The college district contends that the Board of Education does not have authority to include local property taxes in an allocation formula designed to distribute State funds.

Subsequently, bills have been introduced in the Legislature that would prohibit or alternatively include in an allocation formula, all local property taxes received by community college districts. The Legislature is still in session and other bills may be introduced. There is no assurance that any bill introduced will be approved by the Legislature and signed by the Governor or that a bill will not be challenged.

House Bill 2656 ("HB 2656"), which was referred on February 21, 2003 to the House Revenue Committee with subsequent referral to the House Ways and Means Committee, would modify ORS 341.626 by prohibiting the Commissioner for Community College Services from taking into consideration the amount of local property taxes community colleges receive in determining the amount of State aid to be distributed to community college districts. A public hearing was held on HB 2656 on March 25, 2003. If HB 2656 is approved by the Legislature and signed by the Governor, it would become effective July 1, 2003 (see also State of Oregon Community Colleges Funding - State Funding Formula herein).

House Bill 3377 ("HB 3377") was introduced on March 12, 2003 and referred on March 18, 2003 to the House Revenue Committee with subsequent referral to the House Ways and Means Committee. Like HB 2656, HB 3377 would modify ORS 341.626 by prohibiting consideration of the local property taxes community colleges receive in determining the amount of State aid to be distributed to community college districts. HB 3377 also sets minimum distributions of State aid (1% to each community college) and changes the State funding formula to distribute the remaining State aid based on full time equivalent students. If HB 3377 is approved by the Legislature and signed by the Governor, it would become effective July 1, 2003.

House Bill 3399 ("HB 3399"), which was referred to the House Revenue Committee with subsequent referral to the House Ways and Means Committee on March 18, 2003, directs the Commissioner for Community College Services to use all amounts received from local property taxes that result from the permanent tax rate for each community college in determining the amount of State aid to be distributed to community college districts. HB 3399 exempts local option taxes from the determination of State aid. HB 3399 has the opposite impact of HB 2656. If approved and signed by the Governor, HB 3399 would become effective July 1, 2003.

**Oregon Community College Districts
General Fund - State Revenue Received
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

Issue	30-Jun-02			30-Jun-01			30-Jun-00		
	State Sources	Total Revenue	State Sources as % of Total Revenue	State Sources	Total Revenue	State Sources as % of Total Revenue	State Sources	Total Revenue	State Sources as % of Total Revenue
1. Central Oregon Community College	\$ 7,912.5	\$ 20,960.3	37.75%	\$ 7,159.4	\$ 18,769.0	38.15%	\$ 6,606.8	\$ 16,713.7	39.53%
2. Chemeketa Community College	27,867.9	48,896.1	56.99%	26,736.6	46,283.5	57.77%	26,166.4	45,236.4	57.84%
3. Columbia Gorge Community College	2,261.0	3,787.7	59.69%	2,004.7	3,439.4	58.29%	1,887.6	3,103.4	60.83%
4. Lane Community College	30,632.9	64,389.2	47.57%	29,760.6	62,286.0	47.78%	29,255.8	60,603.9	48.27%
5. Mt. Hood Community College	21,829.2	41,322.2	52.83%	20,504.8	38,652.3	53.05%	18,638.8	36,252.3	51.41%
6. Treasure Valley Community College	5,711.1	10,545.6	54.16%	5,578.7	10,431.7	53.48%	5,387.7	9,706.4	55.51%

Source: Derived from Audited Financial Reports of the Issuers

Appropriations. The 2001 Legislature appropriated \$465,568,191 to the CCSF Fund for the purpose of funding general educational programs. Due to subsequent reductions in the State budget, the State Legislature reduced this appropriation by \$32,669,474 during special sessions in 2002. Monies in the CCSF Fund have historically been distributed in equal quarterly payments on August 15, October 15, January 15 and April 15 of each year. Payments are recalculated in December of each year as actual property tax revenues become available, prior year full-time equivalent enrollment numbers are finalized and any adjustments are made in the final two payments of the fiscal year. In order to reduce expenditures during the 2003 biennium, the Legislature deferred the April 15, 2003 disbursement to July 15, 2003.

The community college budget approved by the 2001 Legislature for the 2001-2003 biennium was for \$465,578,191. From the \$465,568,191 originally appropriated, certain reductions were made as summarized below:

2001-2003 State Appropriations - Community Colleges

<u>Originally Budgeted CCSF Appropriation</u>	<u>Available for Distribution following Project Allocations and State Cuts</u>	<u>Current Revised Formula Distribution</u>
\$465,568,191	\$425,235,173 ⁽¹⁾	\$369,234,657 ⁽²⁾

- (1) Represents the original CCSF appropriation of \$465,568,191, less \$40,333,018. Deductions included \$7,663,544 for allocations to specific projects and \$32,669,474 in reductions to the State budget.
- (2) An additional \$56,000,516 appropriated for the 2002-2003 fiscal year will be distributed on July 15, 2003, bringing the total CCSF formula distribution to \$369,234,657.

Source: Oregon Community College Workforce and Development, Commissioners 2003-05 Proposal, January 2003

The 2003 Legislative session commenced on January 13, 2003. The Governor released a proposed budget in January 2003 for the 2003-2005 biennium, which proposes a \$401,906,504 State appropriation to the CCSF Fund. This is a preliminary estimate and is likely to change during the Legislative session. An appropriation level of \$407,668,252, which appears in House Bill 5009 is also under discussion by the State Legislature.

State Funding and Intercept Payments. The Pension Bonds are secured, in part, by an Intercept Agreement under which an amount equal to the debt service on each Issuer's Pension Bond will be invoiced for diversion from the first State Education Revenues available for that Issuer by the Agency to the Trustee for the purposes of paying the principal and interest and any premium on the Pension Bonds.

Property Taxes

Receipts from property taxes are a major revenue source for community college districts.

The property tax is used by Oregon cities, counties, education districts and other special districts to raise revenue to cover a portion of the expense of government. Community college districts are authorized to seek voter approval for limited term levies, subject to certain tax limitations (see "Local Option Provisions" herein). For community college districts, the CCSF formula calculates revenue based on weighted average full time equivalent students and then subtracts half of the amount of such community college district's estimated local revenue (property tax receipts) to determine the amount of the CCSF grant.

**Oregon Community College Districts
General Fund - Local Property Tax Revenues
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

Issuer	30-Jun-02			30-Jun-01			30-Jun-00		
	Local Property Tax Revenues	Total Revenue	Tax Revenues as % of Total Revenues	Local Property Tax Revenues	Total Revenue	Tax Revenues as % of Total Revenues	Local Property Tax Revenues	Total Revenue	Tax Revenues as % of Total Revenues
1. Central Oregon Community College	\$ 7,075.8	\$ 20,960.3	33.76%	\$ 6,530.3	\$ 18,769.0	34.79%	\$ 6,041.6	\$ 16,713.7	36.15%
2. Chemeketa Community College	11,058.3	48,896.1	22.62%	10,456.9	46,283.5	22.59%	10,287.5	45,236.4	22.74%
3. Columbia Gorge Community College	310.1	3,787.7	8.19%	301.6	3,439.4	8.77%	290.3	3,103.4	9.36%
4. Lane Community College	10,992.7	64,389.2	17.07%	10,311.5	62,286.0	16.56%	9,958.8	60,603.9	16.43%
5. Mt. Hood Community College	7,320.7	41,322.2	17.72%	6,799.6	38,652.3	17.59%	6,501.6	36,252.3	17.93%
6. Treasure Valley Community College	1,692.4	10,545.6	16.05%	2,113.9	10,431.7	20.26%	1,759.7	9,706.4	18.13%

Source: Derived from Audited Financial Statements for the Issuers

Valuation of Property - Assessment. Article XI, Section 11 of the Oregon Constitution ("Article XI, Section 11") outlines the State's rate-based property tax system for all taxing districts and limits growth in annual assessed values. Beginning in fiscal year 1998-1999, Article XI, Section 11 reduced property taxes imposed statewide by approximately 17 percent from what would have been collected if not for the limitations imposed by Article XI, Section 11, and rolled back the "assessed value" of each unit of property for the tax year 1997-98 to its 1995-96 value, less ten percent. This new value was deemed the jurisdiction's "assessed value". After the resulting tax levy and assessed value were determined, a "permanent tax rate limit," representing the product of dividing the reduced tax levy by the assessed value, was calculated for all taxing districts state-wide by the Oregon Department of Revenue. The permanent tax rate limits can not be increased.

The process of identifying and assigning a value to taxable property is termed "assessment." Assessment of property is administered by the county assessors except for public utility property and certain classes of industrial property, which are

assessed by the State Department of Revenue. Administrative and judicial remedies are available to property owners who disagree with assessments.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt in 1913), personal belongings, automobiles (exempt in 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation. Property used for charitable, religious, fraternal and governmental purposes has been exempt and reductions in assessments have been granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Certain properties, such as utilities, are valued on the unitary valuation approach (ORS 308.505-308.665). Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, then to each county the entity operates in, and finally to site locations.

Article XI, Section 11 generally limits increases in the assessed value of each property to three percent per year for tax years after 1997-98. However, assessed value may be increased beyond three percent when property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is given an assessed value that is comparable to the assessed value of similar property with the same market value.

In combination with the permanent tax rate, the limitation on the growth in assessed value limits the growth of taxes on individual properties to no more than an average of three percent per year (excluding exempt levies – see below).

Special Voter Approval Requirement for New Property Tax Levies. New property tax levies for general obligation bonds, local option levies and other purposes must be approved at a general election in an even-numbered year, or at another election at which a majority of voters cast ballots.

Exempt Bonded Indebtedness. Property taxes to pay bonds issued as general obligation bonds (or bonds to refund them) prior to 1990, or in accordance with the capital construction and improvement definitions in Article XI, Section 11, are in addition to the permanent tax rate and exempt from Real Market Value tax rate limitations pursuant to Article XI, Section 11b of the Oregon Constitution. Taxes imposed to pay principal of and interest on bonded indebtedness are not subject to constitutional limits, provided such bonds are (1) authorized by a specific provision of the Oregon Constitution, or (2) incurred for capital construction or capital improvements and approved by the voters in accordance with applicable voting requirements. The Pension Bonds and the Obligations are not "exempt bonded indebtedness" and are subject to the limitations of Article XI, Section 11b of the Oregon Constitution.

Tax Rate Limitation – Real Market Value. ORS 310.150 separates taxes imposed upon property into three categories: one to fund the public school system and community colleges, one to fund government operations other than the public school system, and one to fund exempt bonded indebtedness. Combined property tax rates for non-school government operations are limited to \$10.00 per \$1,000 of Real Market Value per county-assigned tax code area. "Real Market Value" is the minimum amount in cash which could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arms length transaction occurring as of the assessment date and which is reported annually by county assessors. Similarly, combined property tax rates for the education system are limited to \$5 per \$1,000 RMV for each tax code area. The State funding formula deducts half of the local property taxes collected by each community college, so to the extent such property tax limitation reduces the amount of property taxes collected, the State funding formula offsets a portion of such loss incurred by the Issuers (see "State of Oregon Community Colleges Funding" herein).

Local Option Provisions. Local governments (including community colleges and school districts, but excluding education service districts) are authorized to ask voters for limited term levies outside the limits of Article XI, Section 11, but subject to the limits of Article XI, Section 11b, assuming the levy is approved by voters. Local option taxes for community colleges may not, pursuant to ORS 280.057, exceed the amount of reduction in ad valorem property taxes caused by the implementation of tax limitations set forth in Section 11, Article XI of the Oregon Constitution (see "Valuation of Property - Assessment" herein).

Currently, none of the Issuers has a local option levy or plans to seek voter approval for a local option levy.

Tax Levy. The process of ascertaining and declaring the amount of taxes to be raised from taxpayers is termed "certifying the levy." Authority to levy property taxes is vested with the governing body of each local government unit. The governing body determines the levy annually before July 15 as part of the budget process. Annual budgets for local units are based on a fiscal year that begins on July 1 and ends the following June 30. Constitutional and statutory provisions limit the amount that a governing body may levy.

Property Tax Collections. The county assessor delivers the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. Oregon Revised Statutes Chapter 311 requires that all tax levy revenues collected by a county for all taxing units within the county be placed in an unsegregated pool, and each taxing unit shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing units within the county. As a result, the tax collection record of each taxing unit is a pro-rata share of the total tax collection record of all taxing units within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the fifteenth of November, February and May of the same fiscal year. Discounts are allowed where partial or full prepayment of taxes is made, as follows: (a) A property owner who pays at least two-thirds of the taxes due, but less than the total, on or before November 15 will receive a two percent discount of such taxes paid on or before November 15; or (b) A property owner who pays the total taxes due, on or before November 15, will receive a three percent discount of total taxes due.

For late payments, interest accrues after each payment due date at the rate of sixteen percent per year. The method of giving notice of taxes due, the County Treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows homeowners to defer taxes until death or sale of the home. New applicants must be at least 62 years old and have a household income under \$27,500, so long as their adjusted gross income does not exceed \$32,000 (limits are adjusted annually according to the consumer price index). Taxes are paid by the State, and the State obtains a lien on the property and accrues six percent simple interest per year. A similar program is offered for Disability Tax Deferral (HB 2901, effective January 1, 2001), which does not have an age limitation.

**Percentages of Taxes Collected - Year of the Levy
(As of June 30)**

County	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Baker ⁽⁶⁾	94.80%	94.99%	95.40%	95.67%	94.83%	94.48
Benton County ⁽⁴⁾	97.31	97.40	97.13	97.19	96.80	96.75
Clackamas County ⁽⁵⁾	93.59	93.89	93.83	93.55	93.23	93.39
Crook County ⁽¹⁾	92.48	93.35	94.17	94.16	93.63	94.16
Deschutes County ⁽¹⁾	94.90	95.02	95.88	96.04	95.99	96.39
Douglas County ⁽⁴⁾	93.47	93.43	93.65	93.59	93.90	94.15
Hood River County ^(3,5)	95.19	94.99	95.96	96.48	96.35	95.98
Jefferson County ⁽¹⁾	94.49	94.42	95.19	95.18	95.16	94.46
Klamath County ⁽¹⁾	91.93	92.22	92.30	93.25	92.92	93.70
Lake County ⁽¹⁾	91.00	92.55	92.34	93.44	93.03	92.20
Lane County ⁽⁴⁾	95.81	95.91	95.89	95.69	95.73	95.90
Linn County ⁽²⁾⁽⁴⁾	94.89	97.98	95.10	94.80	94.21	94.86
Malheur County ⁽⁶⁾	94.67	94.91	95.20	95.71	95.64	95.83
Marion County ⁽²⁾	96.20	96.22	95.45	95.35	95.24	95.24
Multnomah County ⁽⁵⁾	96.75	96.69	96.89	96.56	95.92	96.46
Polk County ⁽²⁾	95.03	95.11	95.19	95.13	94.97	95.35
Wasco County ⁽¹⁾⁽³⁾	95.60	95.43	95.70	95.57	95.42	95.29
Yamhill County ⁽²⁾	95.46	95.16	95.29	95.16	94.86	94.64

Footnotes for the counties in the table above indicate that the following Issuers are all or partially located within such county:

- (1) Central Oregon Community College
- (2) Chemeketa Community College
- (3) Columbia Gorge Community College
- (4) Lane Community College
- (5) Mt. Hood Community College
- (6) Treasure Valley Community College

NOTE: Percentage of total Tax Levy. Pre-payment discounts are considered to be collected when outstanding taxes are calculated.

Sources: County Tax Collectors

Strategic Investments Program. The Strategic Investments Program ("SIP") was authorized by the Legislature in 1993 to provide tax incentives for capital intensive investments by firms in Oregon's key industries, particularly in the high technology and metals industries. SIP recipients receive a abatement on the assessed value of new construction over \$100 million for 15 years. The \$100 million cap on assessed value increases by three percent per year. SIP recipients pay an annual Community Service Fee which is equal to one-fourth of the value of the abatement and which is allocated to local governments. Allocation is determined by negotiation with the local governments. The Community Service Fee is not considered a property tax and thus is outside of the Constitutional property tax rate limitations. LSI Logic and Microchip (formerly Fujitsu), which are located in the City of Gresham, Multnomah County, and are within the boundaries of Mt. Hood Community College, received a tax abatement through the SIP.

Tuition and Fees

Community colleges prescribe and collect tuition as authorized in ORS 341.021(2)(b) and ORS 341.290(7). There are no statutory or Oregon Administrative Rule limitations on tuition rates charged by community colleges. The amount and rates associated with tuition for community colleges varies. Tuition rates for students also vary, depending on whether the student is a resident within the district, out-of-district or out-of-state and may be set by each college.

Tuition rates per term for the 2001-02 fiscal year follow:

**Oregon Community Colleges
Tuition Rates Per Term
2001-2002**

College	In-District		Out-of-District		Out-of-State	
	Per Credit Hour	Full Time ⁽¹⁾	Per Credit Hour	Full Time ⁽¹⁾	Per Credit Hour	Full Time ⁽¹⁾
1. Central Oregon	\$43	\$645	\$55	\$825	\$154	\$2,310
2. Chemeketa	39	585	39	585	135	2,025
3. Columbia Gorge	42	630	42	630	42	630
4. Lane	38	570	38	570	130	1,950
5. Mt. Hood	39	585	39	585	135	2,025
6. Treasure Valley	44	660	44	660	55	825
Average of all Community Colleges	\$40	\$605	\$41	\$615	\$104	\$1,567

(1) 15 Credit Hours.

Source: Oregon Department of Community Colleges and Workforce Development, February 2003

**Oregon Community College Districts
General Fund - Tuition and Fees Received
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

College	30-Jun-02			30-Jun-01			30-Jun-00		
	Tuition and Fees	Total Revenue	% of Total Revenue	Tuition and Fees	Total Revenue	% of Total Revenue	Tuition and Fees	Total Revenue	% of Total Revenue
1. Central Oregon Community College	\$ 5,780.0	\$ 20,960.3	27.58%	\$ 4,814.5	\$ 18,769.0	25.65%	\$ 3,782.0	\$ 16,713.7	22.63%
2. Chemeketa Community College	8,258.9	48,896.1	16.89%	7,428.1	46,283.5	16.05%	6,837.5	45,236.4	15.12%
3. Columbia Gorge Community College	1,087.4	3,787.7	28.71%	935.7	3,439.4	27.21%	737.1	3,103.4	23.75%
4. Lane Community College	17,332.5	64,389.2	26.92%	16,336.3	62,286.0	26.23%	15,910.3	60,603.9	26.25%
5. Mt. Hood Community College	10,578.5	41,322.2	25.60%	9,560.3	38,652.3	24.73%	8,939.6	36,252.3	24.66%
6. Treasure Valley Community College	3,104.4	10,545.6	29.44%	2,704.1	10,431.7	25.92%	2,559.0	9,706.4	26.36%

Source: Derived from Audited Financial Statements for the Issuers

Community College Districts - Financial Factors

Accounting Policies

Fund Accounting. The accounts of the Issuers are organized on the basis of funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are grouped into governmental funds.

Governmental Funds

General Fund. This fund is used to account for all expendable financial resources, except those required to be accounted for in another fund.

Debt Service Fund. This fund is used to account for revenue sources that are legally restricted for the payment of general long-term debt principal, interest and related expenditures.

Financial Reporting

The financial statements of the Issuers are prepared in accordance with State law. In addition to presenting the financial position, results of operations, and changes in financial position of the Issuers' funds, the financial statement reconciles differences in reporting activities between the budgetary basis, as presented in the annual approved budget, and the basis used in the preparation of the financial report.

Independent Audit Requirement

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, Oregon Revised Statutes 297.405 to 297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations. ORS 341.709 requires that the audit statements for each community college must be filed with the administrative office for the district on or before December 31 of the year in which the audit is conducted.

The Issuers' audited financial statements as of June 30, 2002 all featured clean opinions from their respective auditors.

The audited financial statements of each Issuer as of June 30, 2002, are filed with the four nationally recognized municipal securities information repositories ("NRMSIR") and are incorporated herein by reference. The June 30, 2002 and future financial statements may be ordered by contacting the individual NRMSIRs at the addresses below.

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: 609-279-3225
FAX: 609-279-5962
E-Mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: 201-346-0701
FAX: 201-947-0107
E-Mail: nrmsir@dpcdata.com

FT Interactive Data
Attn.: NRMSIR
100 Williams Street
New York, NY 10038
Phone: 212-771-6999
FAX: 212-771-771-7391
E-Mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: 212-438-4595
FAX: 212-438-3975
E-Mail: nrmsir_repository@sandp.com

Investment Policy

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board.

Municipalities are also authorized to invest roughly \$32 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. Currently, the State's investment portfolios are not leveraged and do not contain any derivative products.

A four-year summary of the Issuers' General Fund Statement of Revenues, Expenditures and Changes in Fund Balance follows.

Oregon Community College Districts
Summary General Fund Financial Information
(As of June 30, 2000 through 2003)
(Dollars in Thousands)

District	Fiscal Year Ending June 30, 2000			Fiscal Year Ending June 30, 2001			Fiscal Year Ending June 30, 2002			Fiscal Year Ending June 30, 2003		
	Total Revenue	Total Expend	Total Ending Fund Balance	Total Revenue	Total Expend	Total Ending Fund Balance	Total Revenue	Total Expend	Total Ending Fund Balance	Total Revenue	Total Expend	Total Ending Fund Balance
1. Central Oregon	\$20,510.0	\$20,934.0	\$800.0	\$20,960.3	\$18,750.4	\$3,252.4	\$18,769.0	\$17,015.0	\$2,795.3	\$16,713.7	\$15,713.0	\$2,464.1
2. Chemeketa	53,625.0	47,950.0	5,675.0	48,896.1	45,571.1	7,396.7	46,283.5	43,227.1	5,516.7	45,236.4	42,666.5	5,443.8
3. Columbia Gorge	5,000.2	5,157.6	1,445.8	3,787.7	3,843.7	1,565.1	3,439.4	3,396.5	1,463.3	3,103.4	3,190.9	1,299.4
4. Lane	65,150.7	62,171.7	6,574.7	64,389.2	63,250.2	8,004.3	62,286.0	59,974.8	9,864.9	60,603.9	57,986.1	10,273.1
5. Mt. Hood	42,228.0	42,271.0	1,818.0	41,322.2	41,266.0	1,151.9	38,652.3	39,288.2	1,480.4	36,252.3	36,844.1	3,054.3
6. Treasure Valley	11,735.9	10,822.3	913.6	10,545.6	10,155.1	954.6	10,431.7	11,280.9	1,201.3	9,706.4	9,581.4	935.7

(1) In order to reduce expenditures during the 2003 biennium, the Legislature deferred the April 15, 2003 disbursement to July 15, 2003 (see "State of Oregon Community College Funding - Appropriations" herein).

Sources: Issuers' Audited Financial Statements for the fiscal years that ended June 30, 2000 through 2002 and current district estimates from the Issuers' finance staff for the fiscal year that ended June 30, 2003.

Budgetary Process and Controls

Each Issuer is required to prepare an annual budget in accordance with the Oregon Local Budget Law. Chapter 294 of the Oregon Revised Statutes establishes standard procedures for all budget functions for all Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

Each Issuer's administrative staff evaluates the budget requests of its various departments to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee. After giving due consideration to the input received from the citizens, each Issuer's Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted not later than June 30 of each fiscal year.

Issuers' General Fund accounts for all revenues and expenditures of the Issuers that are not accounted for in other funds. The General Fund is accounted for on the modified accrual basis of accounting for most local governments. Under the modified accrual basis of accounting, revenues are recognized in the General Fund when they become measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

Most of the Issuers' essential services are provided from the General Fund.

An Issuer's budget may be amended during the applicable fiscal year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the each Issuer's Board of Directors pursuant to ORS 294.480.

Each Issuer's 2002-03 budget was adopted by June 30, 2002. Given subsequent reductions in State funding, budgets were revised and tuition raised. The Issuers cannot predict the extent of future budget cuts resulting from the State budget situation at this time or whether these cuts will have a materially adverse effect on their ability to make Pension Bond Payments. Issuers have made cuts due to reduction and deferral of State revenues.

**Oregon Community College Districts
 Adopted Budget
 2002-2003 General Fund Summary
 (Dollars in Thousands)**

Issuer	Resources					Expenditures						
	Local Sources	State Sources	Federal Sources	Transfers and Other	Beginning Fund Balance and Other	Total Resources	Instruction and Instr. Support	Student Services and College Support	Campus Oper. and Maint. and Other	Transfers and Other	Com. and Unapp. Fndg. Balance	Total Expend.
1. Central Oregon Community College	\$7,173.0	\$7,555.0	\$38.0	\$6,244.0	\$2,812.2	\$23,822.2	\$12,373.0	\$4,815.0	\$2,639.1	\$1,581.4	\$2,413.7	\$23,822.2
2. Chemeketa Community College	11,350.0	26,500.0	0.0	8,650.0	8,750.0	55,250.0	29,816.7	14,072.4	4,134.4	2,976.5	4,250.0	55,250.0
3. Columbia Gorge Community College	577.2	2,817.7	85.31,3	15.5	1,811.1	6,606.7	2,667.1	1,740.4	745.9	296.3	1,157.1	6,606.7
4. Lane Community College	11,510.0	29,699.8	213.5	19,792.0	8,382.2	69,597.5	35,705.6	16,537.9	6,292.0	465.0	10,597.0	69,597.5
5. Mt. Hood Community College	7,720.0	22,814.0	0.01	2,475.0	3,242.0	46,251.0	31,757.2	7,398.4	4,401.6	1,277.5	1,416.4	46,251.0
6. Treasure Valley Community College	2,033.7	5,348.3	37.53,9	10.4	1,015.0	12,344.9	5,345.0	3,286.7	1,485.1	1,288.1	940.0	12,344.9

Sources: Adopted 2002-2003 Budget for each Issuer

Indebtedness

Obligation to Pay

Once created, Oregon community colleges exist in perpetuity (see "The Issuers - General" herein). Debt incurred by a community college district becomes the obligation of such community college district to pay. In the case that a community college district no longer has students and no longer provides educational services, it is still required to levy and collect property taxes, up to its permanent rate (see "State Funding, Property Taxes and Other Revenue Sources - Property Taxes" herein) to pay its debt obligations.

Debt Capacity

Pension Bonds. Under ORS 238.694(2) there are no restrictions on the amount of debt the Issuers may incur for payment of unfunded actuarial pension liabilities, so long as the Issuers have sufficient resources available to them within the limitations of Article XI, Section 11. Although Districts are currently financing their UALs with PERS through increased annual payroll rates, no District currently has outstanding Pension Bonds issued under this statute.

The Pension Bonds are being issued as limited tax obligations. As such, they are payable from existing resources. Following is a table that includes all such indebtedness, principal and interest, of each of the Issuers.

**Oregon Community College Districts
Outstanding Limited Tax Obligations - Principal and Interest Due
(As of June 30, 2002, plus the Pension Bonds as of April 30, 2003)**

Issuer	Limited Tax Obligations ⁽¹⁾	Total Debt Service on Pension Bonds ⁽²⁾	Total Limited Tax General Fund Debt
1 Central Oregon	\$ 18,096,580	\$ 25,420,763	\$ 43,517,343
2 Chemeketa	3,342,778	55,877,982	59,220,760
3 Columbia Gorge	194,509	7,875,328	8,069,837
4 Lane	3,755,296	114,556,282	118,311,578
5 Mt. Hood	8,442,060	111,895,947	120,338,007
6 Treasure Valley	4,684,468	23,723,812	28,408,280
7 Total	\$ 38,515,691	\$ 339,350,115	\$ 377,865,805

NOTE: Amount represents total debt service (principal and interest) payments due.

- (1) Limited Tax Obligations represent non-voter approved debt that has a full faith and credit obligation pledge. Amount represents total principal and interest payments due. *Source: Derived from the Audited Financial Reports as of June 30, 2002 of each Issuer.*
- (2) Detailed debt service schedules for each Issuer will be attached to the final Official Statement as Appendix E.

General Obligation Bonds. ORS 341.675 establishes a parameter of general obligation bonded indebtedness for community college districts. Community colleges may, subject to approval by voters within the community college district, issue bonds for college buildings, property acquisition and improvements, refunding outstanding debt and costs associated with bond issuance. Community colleges may issue up to an aggregate amount up to 1.5 percent of all taxable properties within the district. **None of the Issuers has exceeded its statutory debt capacity.**

Oregon Community College Districts
General Obligation Bonds - Outstanding Principal Balance
(As of June 30, 2002)

	Issuer	2002-03 Real Market Value	Statutory Debt Capacity	Principal Balance on General Obligation Bonds
1.	Central Oregon Community College	\$17,647,023,925	\$264,705,359	\$ 9,645,000
2.	Chemeketa Community College	24,894,440,986	373,416,615	31,460,000
3.	Columbia Gorge Community College	3,237,229,731	48,558,446	6,075,000
4.	Lane Community College	23,349,685,837	350,245,288	29,715,000
5.	Mt. Hood Community College	20,737,378,932	311,060,684	920,000
6.	Treasure Valley Community College	1,697,594,790	25,463,922	0

Sources for Real Market Values: County assessors offices in which the Issuers' districts lie.

Sources for General Obligation Bond Amounts: Derived from Audited Financial Statements of each Issuer as of June 30, 2002

Debt Payment Record

During the past ten years, each Issuer has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. None of the Issuers has issued refunding bonds for the purpose of preventing a default.

Future Debt Plans

General Obligation Bonds. None of the other Issuers currently have plans to issue additional debt in the remainder of this calendar year.

Tax and Revenue Anticipation Notes. Lane Community College is considering issuing up to \$4 million of notes later this year.

Oregon Public Employees Retirement System

Pension System

The Oregon Public Employees Retirement System collects contributions from both employers and employees for the purpose of funding retirement benefits. The system is administered by the Oregon Public Employees' Retirement Board.

Employee contributions and employer contributions are collected and used to fund a pension retirement allowance. Such pensions are paid exclusively out of interest and principal accumulations from member and employer contributions.

Membership. To establish membership in PERS, a person must work for six months in a qualifying position for a participating employer. The system at June 30, 2002 covered approximately 215,787 state and local government Oregon employees and 86,082 retired employee-beneficiaries ("members").

Members are categorized as either Tier One Members or Tier Two Members. Tier One Members are those members who joined the PERS system prior to January 1, 1996. Tier Two Members are those members who established membership on or after January 1, 1996. Tier Two Members are eligible for a lower benefit structure than is available to Tier One Members.

Member Census Data
State Agencies and Community Colleges
Comparison of Member Census as of December 31, 2000 and 2001

	Membership as of December 31, 2001			2000
	Tier One	Tier Two	Totals	Totals
<i>Current Active Members with Employer</i>				
General Service	27,378	16,533	43,911	43,484
Police & Fire	<u>2,796</u>	<u>2,255</u>	<u>5,051</u>	<u>4,992</u>
Total Active	30,174	18,788	48,962	48,476
<i>Current Active Members with Previous Service Segment with Employer</i>				
General Service	14,814	1,607	16,421	15,960
Police & Fire	<u>710</u>	<u>211</u>	<u>921</u>	<u>773</u>
Total Other Active	15,524	1,818	17,342	16,733
<i>Inactive Members with Previous Service Segment with Employer</i>				
General Service	15,472	6,577	22,049	20,970
Police & Fire	<u>461</u>	<u>507</u>	<u>968</u>	<u>845</u>
Total Inactive	15,933	7,084	23,017	21,815
<i>Retired Members and Beneficiaries With Service Segment with Employer</i>				
General Service	35,355	140	35,495	33,664
Police & Fire	<u>2,481</u>	<u>22</u>	<u>2,503</u>	<u>2,346</u>
Total Retired	37,836	162	37,998	36,010
Grand Total Number of Members	<u>99,467</u>	<u>27,850</u>	<u>127,319</u>	<u>123,034</u>

Source: Milliman USA letter dated January 21, 2003, regarding 2001 Actuarial Valuation - State Agencies and Community Colleges.

Retirement Allowance. The PERS retirement allowance is payable monthly for life or may be paid in a lump sum consisting of member contributions and interest plus an equal amount provided by employer contributions in one lump sum payment or in up to five annual installments. A member may select from 12 retirement benefit options which include survivorship benefits and lump sum refunds. The basic benefit is based on a formula using years of service and final average salary, pension plus annuity, or a match of accumulated employee contributions and earnings, whichever yields the highest benefit. Benefits for members are reduced if covered employees retire prior to specified plan ages. Employee contributions may be invested in an account with a mix of investments (the "Regular Account") or in a variable annuity account (the "Variable Account") in which 100 percent of assets are invested in U.S. equities (see "Unfunded Actuarial Liability - Retirement and Investment Options" below).

Tier One members are guaranteed to receive at least the assumed earnings rate on assets in the Regular Account used in the most recent actuarial valuation (currently 8 percent); members participating in the Variable Account option and Tier Two members receive actual earnings or losses. Any potential reductions in employer contribution rates from implementation of Tier Two will not be realized in full until turnover has occurred such that Tier Two Members replace Tier One Members.

An employee may elect to have 25, 50 or 75 percent of his or her contributions placed into the Variable Account. Money in the Variable Account may be invested by the Oregon Investment Council in any investment authorized for the PERS system, but it is to be directed primarily to equity investments. At retirement, an employee may elect to receive a variable annuity with the funds accumulated in his or her variable account. The variable annuity portion of the benefit is thus increased or decreased annually to reflect investment gains or losses of the variable annuity portfolio. Alternatively, the employee may elect to have all variable funds in his or her account transferred to the Regular Account and receive an annuity from the Regular Account. No subsequent changes after retirement are made; however, there is an annual cost of living adjustment of up to 2 percent, based on the consumer price index, for both the Regular Account and the Variable Account.

Actuarial Review. Under ORS Chapter 238, the system's pension program must be reviewed on an actuarial basis at least every two years. For the purposes of actuarial computation under ORS 237.081(1), all school districts are regarded as constituting one employer. Until 2000, State agencies and community colleges were also considered one employer. Local governments as of January 1, 2002 were allowed to join the State and community college pool or remain independent. Legislation currently under consideration may affect the rates shown below, and may cause future Board revisions (see "Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

The following table shows the system-wide employer contribution rates, as a percentage of members' salaries.

**Representative Employer Contribution Rates
Stated as a Percentage of Covered Payroll**

	2001 ⁽¹⁾	1999 ⁽²⁾	Change
School Districts	18.58%	12.73%	5.49%
State Agencies and Community Colleges	17.64	9.49	7.61
State Judiciary	19.69	10.79	8.15

- (1) Rates adopted by PERS Board on February 11, 2003, which become effective on July 1, 2003. Data reflects the anticipated impacts of "asset smoothing" techniques in which approximately 25 percent of a given year's gains or losses are realized each year
- (2) Rates currently in place are those presented in the 1999 valuation and subsequently revised. Current rates will be in effect through June 30, 2003.

Sources: *Oregon Public Employees Retirement System, December 31, 2001 Actuarial Valuation*, <http://www.pers.state.or.us/NewsRelease/NewsReleasePDFfiles/erratesCorrected.pdf>

Contribution Rates. PERS members are currently required to contribute 6 percent of their annual covered salary. Employers are required to contribute an actuarially determined rate that is established and may be amended by the Public Employees Retirement Board and is set to be sufficient to pay benefits when due. Employer contributions are calculated by the actuary, appointed by the PERS Board and are required to be reported in conformance with GASB Statement No. 27.

At its February 25, 2003 meeting, the PERS Board directed its actuary to prepare revised employer rates to reflect HB 2001A, any other relevant legislation passed by the House, Senate and signed into law by the Governor on or before May 1, 2003, and any relevant PERS Board rules adopted on or before May 1, 2003 for the PERS Board to consider adopting at its June 10, 2003 meeting (see "Current and Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

Unfunded Actuarial Liability. Jurisdictions with a UAL with PERS are those employers where the present value of the benefit obligations to employees is greater than the existing assets available to pay those benefits. In a report prepared by PERS titled "FAQs: PERS Issues" dated January 2003 (the "PERS Report"), PERS estimated that the market value of system-wide pension fund assets as of December 31, 2001 was \$9.7 billion and that based on the market value of assets as of October 2002, PERS' estimated UAL had increased to approximately \$15 billion. PERS has reported that over the past few years, estimates of these amounts have been affected by the following factors:

- **Taxation of Retirement Benefits.** Historically, PERS pension income had been exempt from State of Oregon income taxation. Following a 1989 ruling by the U.S. Supreme Court that states could not tax federal and state retirees differently, the 1991 Oregon Legislature made PERS benefits subject to state income tax. In 1991, however, the Oregon Supreme Court ruled that benefits for service after the date of the law (September 29, 1991) could be taxed, but benefits for service performed before that date could be taxed only if a "remedy" was provided. To compensate for Oregon personal income taxation of retirement benefits, the 1995 Legislature passed HB 3349, which provided a maximum 9.89 percent benefit increase on benefits earned before October 1991. Beginning in fiscal year 1999-2000, PERS began passing these costs on to employers.
- **Retirement and Investment Options.**
Money Match. Permitted investment options for employer and employee pension contributions, combined with options available to calculate an employee's retirement benefit, have also contributed to the UAL. PERS selects the method for which an employee is eligible and which produces the highest benefit to determine the retirement benefit. In the late 1990's, strong investment performance had resulted in more employees retiring under an option known as "Money Match." Under Money Match, an employee's account balance is matched by an equal amount from the employer. Employees may opt to have contributions made on their behalf invested in the "Regular Account", which is invested in a mix of equities (no more than 60 percent), bonds, real estate and other interest bearing certificates. Alternatively, they may choose to have up to 75 percent of their contributions placed in the Variable Account for which 100 percent of its assets are invested in U.S. equities. Until recently, employer contributions had only been invested in the Regular Account during a period in which earnings for the Variable Account were significantly higher on average than earnings in the Regular Account. Therefore, the rate of return for employer accounts had not kept pace with employee accounts. This mismatch in investment returns added to the shortfall in employer accounts. The Legislature has made changes in the way employer contributions may be invested such that henceforth, employer's accounts will be matched against employees' accounts.

8 Percent Tier One Guarantee. Members in Tier One are guaranteed to receive at least the assumed earnings rate used in the most recent actuarial valuation. At this time that rate is 8 percent. During the 2000 valuation year, the overall return in the PERS accounts was 0.54 percent. In 2001, PERS fund assets declined approximately 6.7 percent, and for 2002 an investment loss of 6.4 percent was reported. Further, in years of strong returns, the PERS Board opted to pay Tier One employees more than the 8 percent guarantee, maintaining insufficient reserves for times when the economy was sluggish (see "State Agencies and Community Colleges – Assets and Liabilities" herein), according to assertions

in a lawsuit filed against PERS and the State (see "City of Eugene, EWEB, et al. v. State of Oregon, PERB" herein). Consequently, there is currently a deficit in the PERS reserve.

Pension Bonding Legislation. The 2001 Legislature approved the Pension Bonding Act (ORS 238.692 to 238.698, inclusive), which provides that local governments may individually or jointly issue pension obligation bonds to refinance their pension liability. The Issuers are utilizing this specific authority in issuing the Pension Bonds (see "Authorization for Issuance" herein). This statute was further amended by SB 1004 and SB 1027, both approved in special session, which clarifies that lump sum payments will be held in separate accounts, and all investment returns earned on such lump sum payments will be credited to such separate accounts, net of administrative costs and interest expenses.

Districts in the State and Local Government Rate Pool may make a lump sum payment that is in addition to the normal contribution amounts due to PERS. Such additional lump sum payments are to be applied against accrued unfunded liabilities of the individual District making the lump sum payment and PERS is to adjust the contribution rate to be made by such District to ensure that the benefit of the lump sum payment accrues solely to the individual District making the payment. So long as earnings on the lump sum payments exceed the cost of the borrowing, the financial results for the Districts should be positive.

City of Eugene, EWEB, et al. v. State of Oregon, PERB

Four different lawsuits, consolidated under the title "City of Eugene, EWEB, et al. v. State of Oregon, PERB", were filed against the State of Oregon and the Public Employees Retirement Board. Plaintiffs/petitioners are the City of Eugene, Lane County, Multnomah County, City of Portland, City of Roseburg, City of Huntington, Canby Utility Board, Eugene Water & Electric Board and Rogue River Valley Irrigation District. Several individuals from a number of public employee unions have intervened in these cases. The consolidated cases were presented before the Court on cross-motions for summary judgment on May 21, 2001.

Plaintiffs asserted several different claims. Among these is the assertion that the PERS Board was wrong in requiring that employers match the variable earnings component of employees' accounts. The Marion County Circuit Court determined that the variable portions of the accounts are to be treated as if moneys therein had been invested in the fixed portion of the accounts and then matched by employers' contributions at those levels.

A second assertion alleged that PERS failed to maintain, fund and use the contingency reserve account as required by ORS 238.670(1). The court stated that the Board "clearly does not have the discretion not to fund or maintain a contingency reserve at all." It found that the Board abused its discretion by failing to fund and use a contingency reserve.

The four lawsuits described above went to trial and on October 8, 2002, the Marion County Court reversed each of the claims and remanded them back to the PERS Board. Upon remand, PERS must issue new employer rate orders for 1998 and 2000 and a new earnings allocation order for the 1999 investment year. PERS will have to decide how to administer the accounts of members who have retired since the 1999 earnings were originally allocated. The final judgment, which was entered in January 2003, concludes that (i) the PERS Board did not properly fund, maintain and use the contingency reserve account as required by ORS 238.670(1); (ii) the PERS Board misinterpreted and violated the requirements that the PERS Board (a) initially calculate the Variable Annuity Account earnings on the same basis as the regular annuity account earnings, and (b) both the regular account and Variable Account annuities must then be compiled together to determine the regular service retirement allowance under all retirement alternatives before that retirement allowance is subjected to adjustment for participation in the variable by requiring participating employers to match the amount of earnings allocated to members' Variable Annuity Accounts; (iii) the PERS Board abused its discretion in allocating 1999 earnings of 20 percent to Tier One regular employee accounts and that the PERS Board must allocate out of the 1999 earnings an amount that is sufficient to meet its previously stated 30-month funding goal for the Gain/Loss Reserve account or explain this inconsistency to the Court adequately; and (iv) in order for the PERS Board to determine and provide to a member at the time of normal retirement a refund annuity which is the "actuarial equivalent of accumulated contributions by the member and the interest thereon credited at the time of retirement," it must immediately and fully update its mortality tables. The PERS Board voted to implement updated actuarial equivalency factors with a look-back feature beginning January 1, 2004. The PERS Board has not directed PERS staff to change any transactions or policies currently in use. On February 11, 2003, the PERS Board voted to appeal the judgment and to file a petition for a stay of the Judge's Order.

The Judge held a hearing on February 14, 2003 regarding the issue of improper allocation of earnings to employers that should have gone to employees in the Variable Annuity Accounts. The Judge is continuing to consider whether or not employers should receive variable earnings for 1999 and he denied the PERS Board motion for a stay of his final judgment on the other issues pending outcome of the appeals filed by the unions and the PERS Board. It is possible that the deficit attributable to each Issuer may be reduced. In any event, any overfunding provided to PERS will accrue to the benefit of each Issuer in the form of lower payroll contribution rates. Judge Lipscomb also denied the PERS Board's motion for a stay of his final judgment on the other issues pending outcome of the appeals filed by the unions and the PERS Board.

The litigants have proposed House Bill 2003 to address many of the issues in the above litigation (see "Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

House Bill 3595 ("HB 3595") would require the PERS Board to uniformly apply final decision in civil action or proceeding in which rights or obligations of participating employers and members of the PERS system are decided, without regard to whether an individual employer or member is named party in action or proceeding, if reasoning supporting decision in action or proceeding is generally applicable to all participating public employers and members. HB 3595 was introduced in the House on March 14, 2003 and subsequently referred to the House Public Employees Retirement System Committee with subsequent referral to the House Ways and Means Committee on March 21, 2003. No further action has been taken as of the date of this Official Statement.

Current and Recent Legislative Activities Relating to the Public Employees Retirement System

Members of the 2003 Legislature have introduced a wide number of bills related to the PERS system and the unfunded liability. Summaries of select bills follow. The Legislature is currently in session, however, and the Issuers cannot predict the outcome of any legislative deliberations. A complete listing of bills and the current action on such bills is available on the State's web page at <http://www.leg.state.or.us/billsset.htm>. The PERS web page also provides a summary of bills affecting PERS: http://www.pers.state.or.us/Legislation/2003%20Legislation/72nd_session.html.

Accounts. House Bill 2001-A ("HB 2001") was signed by the Governor on February 18, 2003. HB 2001 prohibits PERS from crediting Tier one member regular accounts with earnings in excess of the assumed rate until: (i) the deficit reserve account is no longer in deficit; (ii) the deficit reserve account is fully funded with amounts determined by PERB, after consultation with its actuary, to ensure a zero balance in the deficit account when all Tier one members retire; and (iii) the deficit reserve account has been fully funded for the three immediately preceding calendar years. HB 2001 applies to earnings crediting for calendar year 2003 and thereafter. At its February 25, 2003 meeting, the PERS Board directed its actuary to prepare revised employer rates to reflect HB 2001 for the PERS Board to consider adopting at its June 10, 2003 meeting.

Mortality Tables. House Bill 2004 ("HB 2004"), which was passed by the House, would modify the mortality tables. HB 2004 includes a "look back" provision, meaning that for retirements on or after July 1, 2003, the person retiring will receive the higher of the benefit calculated at retirement or the benefit calculated using the account balance and actuarial equivalency factors in effect on June 30, 2003. HB 2004 requires PERS to use the mortality tables beginning July 1, 2003 that the PERS Board adopted on September 10, 2002. HB 2004 also requires new actuarial equivalency factor tables to be adopted effective January 1, 2005 and once every 2 calendar years thereafter. There is no guarantee that the bill will pass the Senate in its current form or that the Governor will sign the bill if it comes to him.

The PERS Board took action at its meeting on February 25, 2003 to keep the rulemaking process open for OAR 459-005-0055, the Actuarial Equivalency Factor Rule, and to take further action if HB 2004 does not become law. PERS staff is directed to work on amendments to conform the rule to HB 2004, to monitor HB 2004 and determine if rules are needed to implement HB 2004. Further, the PERS Board is considering two new rules (OAR 459-005-0058 and 60) for adoption of new actuarial equivalency factors and to specify the actuarial equivalency factor tables to be used, as well as the effective date for using such new tables. The PERS Board is expected to adopt these proposed rules by May 2003. HB 2004 may overrule these proposed rules, however.

House Bill 2003 ("HB 2003") was authored by various local governments to address PERS deficits. HB 2003 would (i) set aside sufficient future PERS investment income into a reserve account and require that such earnings are first used to guarantee sufficiency of funds to pay retired members; (ii) require PERS to calculate the variable match in a different manner in the future and pay the cost of previous decisions out of future earnings; (iii) fully implement updated mortality tables as of January 1, 2003; (iv) eliminate the statutory requirement that employees contribute 6 percent of their salary to their retirement accounts; and (v) restructure the governance of PERS. The first reading of HB 2003 was held on March 5 2003. A public hearing on HB 2003 was held March 25, 2003 and the next public hearing is scheduled for March 27, 2003. No further action has been taken as of the date of this Official Statement.

House Bill 2006 ("HB 2006") would establish a separate deficit account for each year in which regular accounts of Tier One members are credited with earnings at assumed interest rate and PERS does not earn the assumed interest rate. HB 2006 would further require that the deficit be paid equally from employer and employee contributions at the end of a ___-year period of time (number of years have not been determined as of the date this Official Statement was printed). HB 2006 was referred to the House PERS Committee in January 2003 and a public hearing was held on March 6, 2003. No further action has been taken.

Successor Retirement Plan. Three bills have been introduced in the House that present new retirement plans for new employees. These bills are currently under consideration: House Bill 2008 ("HB 2008") House Bill 2020 ("HB 2020") and House Bill 3161 ("HB 3161"). HB 2008, HB 2020 and HB 3161 would establish a defined benefit retirement plan for people hired on or after January 1, 2004, who have not established membership in PERS before January 1, 2004. Several public hearings have been held on these bills as of March 27, 2003. No further action has been taken.

Membership of the PERS Board. House Bill 2005 ("HB 2005"), which has been approved by the House, would modify ORS 238.630 by reducing the PERS Board membership from twelve to five members. HB 2005 would also modify ORS 238.640(1) by shifting the membership so that (i) three of the Board members were required to not be PERS members and at least two of them must have experience in investing, business management or pension management, (ii) one member holds a management position with a participating employer and (iii) the fifth member is a public employee. The

last two members representing public employers and public employees may serve the remainder of their term if they retire during their term of office. All Board members are appointed by the Governor for three-year terms. The Governor appoints the chairperson. The bill was approved by the House and was referred to the Senate Committee on General Government on February 11, 2003. Currently, there are 8 active members on the PERS Board following recent resignations of 4 former members. The Governor has indicated he will not reappoint existing Board members.

The Issuers' PERS Pension Liability

Substantially all of the Issuers' employees are participants in PERS after six months of employment. Data in the following table is as of December 31, 2000, PERS' most recent interim actuarial valuation date:

State and Local Government Rate Pool - Assets and Liabilities (\$ Millions)

Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Percent	Annualized Covered Payroll	UAL/Payroll
12/31/01	\$ 13,931.3	\$ 15,961.1	\$ 2,029.8	87%	\$ 1,954.1	104%
12/31/99	14,082.9	14,065.5	(17.4)	100%	1,820.7	1
12/31/97	7,013.9	7,382.2	368.3	95%	1,628.0	23
12/31/95	5,287.8	5,647.6	359.8	94%	1,786.3	20

- (1) Assets listed exclude lump sum payments.
- (2) Data reflects the anticipated impacts of "asset smoothing" techniques in which approximately 25 percent of a given year's gains or losses are realized each year.

Source: Milliman USA; December 31, 2001 data is from a letter dated January 21, 2003, regarding 2001 Actuarial Valuation - State Agencies and Community Colleges.

In the absence of other funding arrangements, the UAL is amortized by PERS using the "assumed earnings rate", which is currently set at an interest rate of 8 percent over the amortization period and is collected by PERS through an employer contribution rate charged to covered employees' salary. With the payment of net proceeds of the Pension Bonds to PERS, the Issuers will pay off the calculated UAL for December 31, 2001. It does not address future liabilities that are expected to be realized because of recent investment losses in the PERS portfolio (see "Pension System - 8 Percent Tier One Guarantee" herein).

PERS is to inform each of the Issuers in writing that their contribution rate will be immediately adjusted when the Issuers transfer Pension Bond proceeds to PERS. In the event that such payment results in an overfunded actuarial liability, the excess contribution will be applied to the individual Issuer's account and not to the account of any other community college district. The Issuers expect that additional liabilities will be calculated to be unfunded for the 2002 valuation and that such unfunded liabilities will accrue to the State and Local Government Rate Pool as a whole and will be allocated to each participant in accordance with payroll.

THE ISSUERS MAKE NO REPRESENTATION THAT THE ISSUANCE OF THE OBLIGATIONS WILL FULLY FUND THE ISSUERS' CURRENT OR FUTURE PENSION OBLIGATIONS. The Issuers' employer contribution rates are subject to future adjustment based on factors such as the results of subsequent actuarial valuations, and changes in benefits resulting from legislative modifications.

Tax Matters

General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Obligations. It is based in part on an opinion of Preston Gates & Ellis LLP, Special Counsel to the Issuers, and on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published revenue rulings and court decisions currently in effect, all of which are subject to change. Because the federal income tax rules relating to the purchase, ownership and disposition of taxable obligations such as the Obligations are complex and are subject to modification, investors should consult their own tax advisors before determining whether to purchase Obligations.

The following discussion is applicable to investors other than those investors who are subject to special provisions of the Code, such as life insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code and taxpayers who hold Obligations that are a hedge or that are part of a straddle or conversion transaction. This summary is further limited to investors who will hold the Obligations as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. **INVESTORS WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE**

PURCHASE, OWNERSHIP AND DISPOSITION OF THE PENSION BONDS IN THEIR PARTICULAR CIRCUMSTANCES BEFORE DETERMINING WHETHER TO PURCHASE THE PENSION BONDS.

Federal Income Tax Treatment

Interest on the Obligations is included in gross income for federal income tax purposes.

Defeasance of Obligations

Holders of the Obligations should be aware that the deposit by the Issuers of monies or Government Obligations with the Trustee and the release of the Trust Agreement (a "defeasance") for federal income tax purposes could result in the recognition by the holder of taxable income (or loss), without any corresponding receipt of monies by the holder. In addition, for federal tax purposes, the character and time of receipt of payments on the Obligations subsequent to any such defeasance also could be affected. Holders are advised to consult their own tax advisors with respect to the tax consequences resulting from such events.

Original Issue Discount

As set forth on the cover hereof, certain Obligations will be issued at a price that is less than their stated prepayment price at maturity (the "Discount Obligations"). This discussion relates to owners who acquire such Discount Obligations in their initial offering at their initial offering price. Owners who do not purchase Discount Obligations in the initial public offering and owners who purchase Discount Obligations in the initial public offering but at a price different from the first offering price at which a substantial amount of that maturity of the Discount Obligations was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Obligations.

The difference between the stated prepayment price of a Discount Obligation and its initial offering price constitutes "original issue discount" within the meaning of Section 1273 of the Code. Under Section 1272 of the Code, such original issue discount will accrue actuarially over the term of the Discount Obligation at a constant interest rate basis, and the gross income of the owners thereof will include, as ordinary income, during each year of their holding period, the amount of such discount that has accrued during the portion of the taxable year in which they held the Discount Obligation. Thus, owners of Discount Obligations will be required to include accrued original issue discount in gross income in advance of the receipt of such income and may be taxed on such income despite not having yet received the allocable cash.

The tax basis of a Discount Obligation will be increased each year by the amount of such accrued discount. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Obligation. An owner of a Discount Obligation who disposes of such Discount Obligation prior to maturity should consult his own tax advisor as to the amount of original issue discount that has accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Obligation prior to maturity.

Disposition of the Obligations

An owner will recognize gain or loss on the prepayment, sale or exchange of an Obligation equal to the difference between the prepayment or sale price and the owner's tax basis in the Obligation. Generally, the owner's tax basis in an Obligation not purchased at a premium or discount will be the owner's initial cost. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Obligation has been held for more than a year.

Under current law, purchasers of the Obligations who do not purchase the Obligations in the initial public offering at the initial public offering price (a "subsequent purchaser") will generally be required, on the disposition of an Obligation, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount", although such holders may elect to include market discount in income currently over the life of the Obligation. (Market discount is the amount by which the price paid for an Obligation by a subsequent purchaser is less than the Obligation's "revised issue price"). In such instances, section 1277 of the Code also may apply so as to defer the deductibility of all or a portion of the interest expense incurred by a subsequent purchaser with respect to amounts borrowed to acquire an Obligation with market discount.

Required Reporting to the Internal Revenue Service

Interest payments made with respect to the Obligations to certain categories of beneficial owners will be reported to the Internal Revenue Service on an annual basis on Form 1099 or Form 1099-OID, showing the name, address and taxpayer identification number of the beneficial owner. Exempt categories of beneficial owners, with respect to whom no Forms 1099 or 1099-OID will be issued, include corporations, tax-exempt organizations, individual retirement plans, registered securities dealers, financial institutions, entities registered under the Investment Company Act of 1940, nominees, custodians, brokers and certain trusts.

Other Federal Income Tax Consequences

The Code requires debt obligations, such as the Obligations, to be issued in registered form and denies certain tax benefits to the issuer and the holders of obligations failing this requirement. The Issuers are issuing the Obligations in registered form.

Interest paid to an owner of an Obligation ordinarily will not be subject to withholding of federal income tax if such owner is a United States person. A United States person, however, will be subject to back-up withholding of such tax under certain circumstances. This withholding requirement generally applies if the owner of an Obligation (i) fails to furnish to the Issuers such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the Issuers an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the Issuers or such owner's broker with a certified statement, signed under penalty or perjury, that the TIN provided to the Issuers is correct and that such owner is not subject to backup withholding. For calendar years 2002 and 2003, the rate of back-up withholding is 30 percent. The back-up withholding rate is scheduled to decline over time.

State Taxation

Interest on the Obligations is exempt from present personal income taxation by the State of Oregon.

State and Local Taxes and Foreign Persons

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

The Initiative Process

The Oregon Constitution, Art. IV, Sec. 1, reserves to the people of the state the initiative and referendum power pursuant to which measures designed to amend the Oregon State Constitution or enact legislation, can be placed on the statewide general election ballot for consideration by the voters. "Referendum" generally means measures that have been passed and then referred to the voters by a legislative body, such as the State Legislative Assembly or the governing body of a district, county or other political subdivision, or by petition prior to its effective date. "Initiative" generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State's office. The Oregon Attorney General is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any voter that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petition, the proponents of the initiative may start gathering the initiative petition signatures necessary to place the proposed initiative on the ballot. To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a Governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the November 2000 and 2002 elections, the requirements were eight percent (89,048 signatures) for a constitutional measure and six percent (66,786 signatures) for a statutory initiative; this amount will change for the November 2004 general election. Any voter may sign an initiative petition for any measure on which the voter is entitled to vote.

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

Historical Initiative Petitions

Over the past decade Oregon has witnessed increasing activity in the number of initiative petitions that have qualified for the statewide general election. According to the Elections Division of the Oregon Secretary of State, the number of initiative petitions that have qualified for the ballot and the number that have been approved in the general elections since 1988 are as follows:

<u>Number of Year of General Election</u>	<u>Number of Initiatives that Qualified</u>	<u>Initiatives that were Approved</u>
2002	7	3
2000	18	5
1998	10	6
1996	16	4
1994	16	8
1992	7	0
1990	8	3
1988	5	3

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State, 2002 INITIATIVE LOG Elections Division

Continuing Disclosure

The Securities and Exchange Commission has published amendments to Rule 15c2-12 (the "Rule") that require at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Pension Bonds, if material. Pursuant to the Rule, the Issuers and the Trustee have agreed to provide to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any, audited financial information of the Issuers and the Trustee and certain financial information or operating data. In addition, the Issuers and the Trustee have agreed to provide to the Municipal Securities Rulemaking Board, Financial Guaranty and to any state information repository, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

Certain Issuers have entered into continuing disclosure undertakings for debt that is currently outstanding. All such continuing disclosure undertakings require such Issuers to file notices in a timely basis if certain material events, such as failure to make debt service payments, occur. Issuers who have agreed to file certain financial and operating data with nationally recognized municipal securities information repositories annually are considered to be subject to "Rule disclosure". Certain other Issuers are required to provide copies of their audited financial reports on a timely basis to investors who may request a copy ("limited disclosure"). A summary of those Issuers who have disclosure requirements and compliance with such requirements follows. The forms of the Continuing Disclosure Certificates of the Trustee and of each of the Issuers are included in Appendix D, attached hereto.

Continuing Disclosure Requirements and Compliance

	<u>Issuer</u>	<u>Continuing Disclosure Requirements</u>	<u>Compliance</u>
1.	Central Oregon	Rule Disclosure	The Issuer is in compliance with filing requirements.
2.	Chemeketa	Rule Disclosure	The Issuer is in compliance with filing requirements.
3.	Columbia	Limited Disclosure	The Issuer is in compliance with filing requirements.
4.	Lane	Rule Disclosure	The Issuer is in compliance with filing requirements.
5.	Mt. Hood	Limited Disclosure	The Issuer is in compliance with filing requirements.
6.	Treasure Valley	Limited Disclosure	The Issuer is in compliance with its requirements.

A copy of the form of the Continuing Disclosure Certificate to be executed by each Issuer for the Pension Bonds and a copy of the form of Continuing Disclosure Certificate to be executed by the Trustee are attached hereto as Appendix D.

Legal and Underwriting

Approval of Counsel

Legal matters incident to the authorization, issuance and sale of the Obligations and the Pension Bonds as well as the authorization, execution and validity of the Trust Agreement and Resolutions are subject to the approving legal opinion of Special Counsel to the Issuers, Preston Gates & Ellis LLP, Portland, Oregon, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this Official Statement only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued. Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLP, Seattle, Washington.

Litigation

There is no litigation pending or threatened questioning the validity of the Pension Bonds nor the Obligations, nor the power and authority of the Issuers to issue the Pension Bonds. There is no litigation pending or threatened that would materially affect the finances of the Issuers or affect the Issuers' ability to meet debt service requirements on the Pension Bonds.

Underwriting

Except as provided in the Obligation Purchase Agreement and subject to the terms of the Obligation Purchase Agreement, Seattle-Northwest Securities Corporation, as senior manager, on behalf of the Underwriters named on the cover page of this Official Statement (the "Underwriters"), has agreed to purchase all, but not less than all, of the Obligations. The purchase contract provides that the Underwriters will purchase the Obligations from the Trustee, subject to the Trustee's purchase of Pension Bonds, at a price of ____ percent of the par value of the Obligations. After the initial public offering, the public offering prices may be varied from time to time.

Concluding Statement

The agreements of the Issuers are set forth in such documents, and the information assembled herein is not to be construed as a contract with the Owners of the Obligations.

Appendix A

Form of Special Counsel Opinion

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FORM OF LEGAL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

_____, 2003

Wells Fargo Bank Northwest, National
Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

*Re: Oregon Community College Association Limited Tax Pension Obligations,
Series 2003 (Federally Taxable) \$ _____ Series 2003 A (Deferred
Interest) and \$ _____ Series 2003 B (Current Interest)*

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of _____, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$ _____ Series 2003 A (Deferred Interest) and \$ _____ Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. [The difference between the stated prepayment price of the Bonds maturing in the years 20__ through and including 20__ (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.]

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

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Appendix B

Book Entry Only System

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**SAMPLE OFFICIAL STATEMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC – bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$400 million, one certificate will be issued with respect to each \$400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix C

Specimen Municipal Pension Bond Insurance Policy

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Financial Guaranty Insurance
 Company
 125 Park Avenue
 New York, NY 10017
 (212) 312-3000
 (800) 352-0001

A GE Capital Company

**Municipal Bond
 New Issue Insurance Policy**

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association, or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, the portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Deborah M. Reif

President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Authorized Officer

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer

U.S. Bank Trust National Association, as Fiscal Agent

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that with respect to the Bonds maturing on _____, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

Appendix D

Form of Continuing Disclosure Certificates

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated _____, 2003, is executed and delivered by «COMMUNITY COLLEGE DISTRICT», «COUNTY», Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April __, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated _____, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this ____ day of _____, 2003.

«COMMUNITY COLLEGE DISTRICT»
«COUNTY», OREGON

By: _____
Authorized Representative

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated _____, 2003, is executed and delivered by Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Series 2003 Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Series 2003 Issuers (the "Resolutions"). The Obligations are issued pursuant to a Series 2003 Trust Agreement dated as of _____, 2003, by and among the Series 2003 Issuers and the Series 2003 Trustee (the "Series 2003 Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Series 2003 Trust Agreement. The Series 2003 Trustee covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Series 2003 Trustee for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

Section 2. Material Events. The Series 2003 Trustee agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events with respect to the Obligations, if material; provided, however, such notice shall specify (x) the nature of such event and (y) the Series 2003 Issuer(s) to which such event shall be attributable:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Obligations;
- g. modifications to rights of holders of the Obligations;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Obligations; and
- k. rating changes.

In determining whether any of the above listed events is material, the Series 2003 Trustee may rely upon an opinion of counsel.

Section 3. Dissemination Agent. The Series 2003 Trustee may, from time to time, engage or appoint an agent to assist the Series 2003 Trustee in disseminating information hereunder (the

“Dissemination Agent”). The Series 2003 Trustee may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 4. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Series 2003 Trustee’s obligations hereunder shall terminate if and when there shall occur either prepayment in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 6 below, the Series 2003 Trustee may rescind its obligations under this Certificate, in whole or in part, if (i) the Series 2003 Trustee obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Series 2003 Trustee notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 5. Enforceability and Remedies. The Series 2003 Trustee agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Series 2003 Trustee, holders of the Obligations, and any Dissemination Agent.

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the Series 2003 Trustee may amend this Certificate under the following conditions:

- a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Series 2003 Trustee (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 7. Resignation or Removal as Series 2003 Trustee. The Series 2003 Trustee’s obligation hereunder will terminate upon its resignation or removal as Series 2003 Trustee provided such resignation or removal is made in accordance with the Series 2003 Trust Agreement and provided that the Series 2003 Issuers or a court of competent jurisdiction has appointed a successor Series 2003 Trustee under the terms of the Series 2003 Trust Agreement.

Section 8. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this ____ day of _____, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, acting solely
in its capacity as Series 2003 Trustee and not
individually

By: _____
Alice Garrett, Vice President

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Appendix E

Projected Debt Service Schedule for Each Issuer

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[APPENDIX E TO BE PROVIDED IN THE FINAL OFFICIAL STATEMENT]

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Appendix F

Form of the Intercept Agreement

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INTERCEPT AGREEMENT

by and among

Wells Fargo Bank Northwest, National Association,
as Trustee

and the

**Issuers of the
Limited Tax Pension Bonds
Described in the Attached Exhibit A**

and the

**Oregon Department of Community Colleges
and Workforce Development**

Dated as of _____, 2003

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Exhibit B - Form of Request for Information	
Exhibit C - Trustee for Future Pension Bonds	

INTERCEPT AGREEMENT

This Intercept Agreement is dated as of _____, 2003, and is entered into by and among the Issuers (as defined below), the Trustee (as defined below) and the OREGON DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT (the "Agency"). The parties hereby agree as follows:

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

(a) The Issuers are authorized to issue limited tax bonds as defined in ORS 288.150 to finance their pension liability pursuant to ORS 238.692 to 238.698 (the "Act");

(b) The Act authorizes the Issuers to enter into this agreement with the Agency;

(c) The Series 2003 Issuers have entered into a Trust Agreement, dated as of _____, 2003, with the Series 2003 Trustee (the "Series 2003 Trust Agreement"); and

(d) The Series 2003 Issuers, Series 2003 Trustee and the Agency execute this intercept agreement (the "Intercept Agreement") to divert State Education Revenues, as defined below, to the Series 2003 Trustee for the purpose of paying the principal and interest and any premium on the Series 2003 Pension Bonds, and to provide for the diversion of State Education Revenues to any Future Pension Bonds by the Future Pension Bond Issuers.

Section 1.2 Definitions.

Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

"Act" means ORS 238.692 to 238.698.

"Agency" means the Oregon Department of Community Colleges and Workforce Development, an agency of the State of Oregon, or any successor agency charged with distributing any funds mandated pursuant to ORS 341.620.

"Bond Amount" means the outstanding principal amount of an Issuer's Pension Bonds at the time the Issuer enters into this Intercept Agreement, as revised pursuant to Article IV herein.

"Bond Payments" means the payments of principal, interest and premium, if any, due under each of the Pension Bonds.

"Business Day" means any day other than a Saturday, Sunday or a day on which the Trustee or the State is authorized by law to remain closed.

"Disbursement Schedule" refers to the schedule pursuant to which the Agency disburses State Education Revenues to Issuers in accordance with Article III hereof.

"Future Pension Bond Issuers" means the Oregon community college districts that issue Future Pension Bonds in accordance with Article IV, as shown in Exhibit A to this Intercept Agreement, or their successors. Such Future Pension Bond Issuers may or may not include some or all of the Series 2003 Issuers.

"Future Pension Bonds" means Pension Bonds, other than the Series 2003 Pension Bonds, that are issued by any Issuer in compliance with Article IV of this Intercept Agreement and which utilize this Intercept Agreement for the diversion of State Education Revenues.

"Insurer" means the insurer, if any, of the Series 2003 Pension Bonds or the obligations issued by the Trustee under the Series 2003 Trust Agreement, and any insurer of Future Pension Bonds or obligations secured by those Future Pension Bonds.

"Intercept Agreement" means this Intercept Agreement, including the exhibits attached hereto, and any amendments to this Intercept Agreement and its exhibits.

"Intercept Payments" means State Education Revenues transferred by the Agency to pay principal, interest and any premium on Pension Bonds pursuant to Section 3.1 of this Intercept Agreement.

"Intercept Schedule" means the schedule of Intercept Payments to the Trustee as further described in Section 3.1 hereof.

"Issuers" means Series 2003 Issuers and Future Pension Bond Issuers.

"Pension Bonds" means the Series 2003 Pension Bonds and any Future Pension Bonds.

"Security Payments" means the monthly payments that the Series 2003 Issuers are scheduled to make from September through May of each fiscal year in amounts which equal approximately 1/9th of the debt service on the Pension Bonds for each fiscal year. Intercept Payments received by the Trustee and any investment earnings available to the Trustee are credited against the obligation to make Security Payments as described in Section 3.1 hereof and in the Trust Agreement.

"Series 2003 Issuers" means the Oregon community college districts that issue Series 2003 Pension Bonds, as shown in Exhibit A to this Intercept Agreement, or their successors.

"Series 2003 Pension Bonds" means the Limited Tax Pension Bond or Bonds, Series 2003, dated as of _____, 2003, issued by the Series 2003 Issuers.

"Series 2003 Trustee" means Wells Fargo Bank Northwest, National Association and its successors and assigns.

"Series 2003 Trust Agreement" means the Trust Agreement for the Series 2003 Pension Bonds with the Series 2003 Trustee.

"Special Counsel" means Preston Gates & Ellis LLP and its successors and assigns, or other nationally recognized bond counsel appointed at the request of the Issuers of 51% or more of the principal amount of Pension Bonds which are then outstanding.

"State" means the State of Oregon.

“State Education Revenues” means any funding for community college districts legally available to pay debt service on the Pension Bonds that is disbursed by the Agency.

“Trustee” means the Series 2003 Trustee and any trustee for Future Pension Bonds or obligations secured by Future Pension Bonds.

“Trust Agreement” means an agreement between a Trustee and one or more Issuers, which establishes a debt service trust fund with a Trustee for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act.

Section 1.3 Rules of Construction. References to section or article numbers in documents which do not specify the document in which the section or article is located shall be construed as references to section or article numbers in this Intercept Agreement.

ARTICLE II. REPRESENTATIONS, AUTHORIZATIONS, WARRANTIES AND COVENANTS OF ISSUERS, TRUSTEE AND THE AGENCY

Section 2.1 Representations, Authorizations, Warranties and Covenants of the Issuers. Each Issuer represents, authorizes, covenants and warrants for the benefit of the Trustee and the Agency as follows:

- (a) Each Issuer is a political subdivision of the State.
- (b) Each Issuer is authorized under the Act to enter into this Intercept Agreement and to perform all of its obligations under this Intercept Agreement.
- (c) Each Issuer has validly issued its Pension Bonds and delivered it to the Trustee.
- (d) Each Issuer represents, covenants and warrants that all required action has been taken to ensure the enforceability of its obligations under this Intercept Agreement.
- (e) Each Issuer authorizes the Agency to divert State Education Revenues for the purpose of paying the debt service on each Issuer’s Pension Bonds from each Issuer’s portion of State Education Revenues in accordance with Section 2.3 hereof and pledges such diverted State Education Revenues to secure each Issuer’s Pension Bond.
- (f) Under ORS 288.594, such pledge of lien on and security interest in the State Education Revenues shall have the priority of lien provided for in ORS 288.594(4). ORS 288.594(2) provides that the Uniform Commercial Code does not apply to the creation, priority or enforcement of a lien of a pledge made by a public body such as each Issuer.
- (g) Each Issuer covenants not to enter into any other agreement with the Agency whereby State Education Revenues would be diverted in time or priority before diversion for the Pension Bonds.
- (h) Each Issuer authorizes the Trustee to invoice for and to receive moneys for the purpose of paying the debt service on its Pension Bonds, diverted from each Issuer’s portion of State Education Revenues, and apply those moneys to make debt service payments, pursuant to the terms of this Intercept Agreement, the Trust Agreement and the Act.

(i) Each Issuer agrees to notify the Trustee of any actual or anticipated changes in the Disbursement Schedule within five (5) days of obtaining knowledge of such change.

Section 2.2 Representations, Warranties and Covenants of Trustee and Related Responsibilities of Agency. Each Trustee represents, covenants and warrants for the benefit of the Issuers for which it serves as Trustee and the Agency as follows:

(a) The Trustee is duly qualified to transact business of the type contemplated by this Intercept Agreement and the Trust Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Intercept Agreement will not violate the provisions of, or constitute a breach or default under, the articles of association, charter or bylaws of the Trustee or any agreement to which the Trustee is a party.

(c) The execution, delivery and performance by the Trustee of this Intercept Agreement and all related agreements, instruments and documents to which the Trustee is a party have been duly authorized and constitute legal, valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms.

(d) The Trust Agreement establishes a debt service trust fund with the Trustee for the purpose of paying the principal and interest and any premium on the Pension Bonds which have been issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act. The Trust Agreement also provides for the certificating of interests in the Pension Bonds to investors.

(e) The Trustee agrees to submit to the Agency no later than 15 days prior to the date on which an Intercept Payment is due, an invoice, showing the payments due, unless the Agency and Trustee agree to a different schedule. Any modification to the schedule for this Intercept Agreement as it pertains to the Series 2003 Pension Bonds shall apply as well to Future Pension Bonds.

(f) The Trustee agrees and covenants to deposit the Intercept Payments into the debt service trust fund it holds, and apply the Intercept Payments solely for the purpose of paying the principal and interest and premium, if any, on the Pension Bonds, pursuant to the terms of this Intercept Agreement.

(g) The Trustee agrees and covenants to invest any moneys in the debt service trust fund in legally authorized investments for community college districts, pursuant to the terms of the Trust Agreement.

(h) If the Trustee has reason to believe that the Disbursement Schedule has changed and the Trustee has not received notice pursuant to Section 2.3(e) or Section 2.3(f), the Trustee covenants to contact the Agency to ask the Agency to indicate whether the Disbursement Schedule has changed. If the inquiry reveals that the Disbursement Schedule has changed, the Agency shall provide the Trustee with the modified Disbursement Schedule pursuant to Section 2.3(f). The Trustee will provide the Issuers with a copy of any new Disbursement Schedule no later than ten (10) Business Days after the Trustee receives it, pursuant to Section 2.3(f). The Trustee will provide Issuers with a copy of any new Intercept Schedule within ten (10) days of such change.

Section 2.3 Representations, Warranties and Covenants of Agency and Related Responsibilities of Trustee. The Agency represents, covenants and warrants for the benefit of the Issuers and the Trustee as follows:

(a) The Agency is an agency of the State, duly qualified to transact business of the type contemplated by this Intercept Agreement and is the Agency which is authorized to receive and disburse State Education Revenue payments on behalf of the Issuers.

(b) The execution, delivery and performance by the Agency of this Intercept Agreement has been duly authorized and constitutes a legal, valid and binding obligation of the Agency, enforceable against the Agency in accordance with its terms.

(c) The Agency shall make the Intercept Payments as provided in Section 3.1 hereof.

(d) The Agency shall make Intercept Payments for each Issuer to the appropriate Trustee from the first State Education Revenues available to that Issuer. While any Intercept Payment for an Issuer is due or overdue, the Agency shall not disburse any State Education Revenues to that Issuer until all those Intercept Payments have been paid to the Trustee, unless the Trustee notifies the Agency that the affected Issuer has made Security Payments to the Trustee which cover the deficiency.

(e) Unless the Agency and Trustee agree to a different schedule, not later than June 15 of each year the Trustee shall send the Agency a request for information to be supplied in substantially the form attached as Exhibit B, and the Agency shall respond to that request for information by completing the request form not later than June 30 of that year. The request for information shall ask the Agency to describe any changes the Agency reasonably expects to be made to the Disbursement Schedule then in effect for the following fiscal year, including the allocation dates and amounts for State Education Revenues, and whether the Agency reasonably expects that those changes would impair the ability of the Agency to make Intercept Payments in whole, in part, or in accordance with the then existing Intercept Schedule, and the amount of State Education Revenues that have been estimated for each Issuer for the following fiscal year.

(f) To the extent the Disbursement Schedule has been modified or is expected to be modified, and the Agency has not notified the Trustee pursuant to Section 2.3(e), the Agency shall provide the Trustee with the actual or anticipated alternate Disbursement Schedule.

(g) The Agency covenants to cooperate in the assignment of this Intercept Agreement or the responsibilities hereunder to another agency of the State to the extent the responsibility for the distribution of State Education Revenues is assumed by another agency of the State.

ARTICLE III. PAYMENT OBLIGATIONS

Section 3.1 Payment, Calculation and Invoicing of Intercept Payments.

(a) The Agency shall make Intercept Payments in the amounts and on the dates shown in the invoices provided to the Agency by each Trustee in accordance with this Section 3.1. The Trust Agreement obligates each Issuer to make monthly Security Payments to the Trustee from September through May of each fiscal year, in amounts which provide each Trustee with funds sufficient to pay debt service on the Pension Bonds when that debt service is due. The Trust Agreement provides that the Intercept Payments received by the Trustee for each Issuer will be credited against the Security Payments that are due from that Issuer.

(b) Except as provided in Section 3.1(c) below and unless the Agency and the Trustee agree in writing to a different schedule, for the period beginning with the date the Series 2003 Pension Bonds are issued and ending on the payment in full of all of the Pension Bonds, the Intercept Payments shall be due according to the initial Intercept Payment schedule described herein. Each Trustee shall invoice the Agency for each Intercept Payment at least 15 days prior to the date on which that Intercept Payment is due. The Agency shall make each Intercept Payment no later than the 15th day of the month in which the Intercept Payment is due. The Intercept Payments shall be due for the months of August, October and January and each Intercept Payment shall be approximately one third of each Issuer's debt service for the fiscal year. The first Intercept Payment shall be due on August 15, 2003. This schedule of Intercept Payments should provide each Trustee with Intercept Payments at times and in amounts that avoid Issuers being billed for, or required to make, Security Payments. Under the Trust Agreement, the August Intercept Payments will be credited against the Security Payments that are scheduled to be made in September, October and November; the October Intercept Payments will be credited against the Security Payments that are scheduled to be made in December, January and February, and the January Intercept Payments will be credited against the Security Payments that are scheduled to be made in March, April and May.

(c) If the Disbursement Schedule changes, the Agency shall notify each Trustee and the Series 2003 Trustee shall, if necessary, modify the schedule for an amount of Intercept Payments for each Trustee so that each Trustee continues to receive Intercept Payments for each Issuer in the amounts and at the times that are expected to avoid billings to, and Security Payments from, Issuers, as further described in the Trust Agreement.

(d) If, because of changes to the Disbursement Schedule or other reasons, the Agency is not able to make any Intercept Payment in full, the Agency shall disburse to the Trustee the greatest amount of State Education Revenues that are then available, and each Trustee shall credit those partial Intercept Payments against the next Security Payments that are scheduled to be paid by each affected Issuer, as provided in the Trust Agreement. If the Agency makes a partial Intercept Payment, unless Issuers have already made Security Payments to the Trustee that cover the deficiencies, the Trustee shall add to the next Intercept Payment the amount of any prior deficiencies in Intercept Payments.

(e) Failure by the Agency to make any Intercept Payment or payment by Issuers of any deficiencies in Intercept Payments shall not relieve the Agency from its obligation to make subsequent Intercept Payments.

Section 3.2 Notice of Nonpayment and Disbursement Schedule Change. In the event the Agency becomes aware it will not be able to make any portion of the Intercept Payments when they are due, the Agency will give the affected Trustee written notice within three (3) Business Days after the Agency is aware that a single or multiple Intercept Payments are not going to be made. In the event of any proposed change or modification in the Disbursement Schedule which would impact the Agency's ability to make Intercept Payments when due, the Agency will give written notice to the Trustee within three (3) Business Days after the Agency is aware of such proposed change or modification. The Trustee will provide the Issuers with a copy of such notice as soon as practicable, but in any case not later than ten (10) Business Days after the Trustee receives such notice.

Section 3.3 Non-Liability of Agency. Nothing in this Intercept Agreement, the Trust Agreement or any agreement entered into by the Agency in any manner obligates the Agency:

(a) to pay any amount on behalf of an Issuer that the Issuer is not otherwise entitled to receive under the law; or

(b) except for the diversion of State Education Revenues to the Trustee, to pay principal, interest and any premium on the Pension Bonds.

ARTICLE IV. FUTURE PENSION BONDS

Section 4.1 Future Pension Bonds. Future Pension Bonds may be issued only if: (a) the Future Pension Bond Issuers and any Trustee for the Future Pension Bonds authorize, execute and enter into this Intercept Agreement and agree to receive disbursements from the Agency on the same schedule as disbursements are made for all Pension Bonds; and, (b) the Future Pension Bonds satisfy the requirement listed in Section 4.2. If Future Pension Bonds are issued, the names of the Future Pension Bond Issuers and their Bond Amount shall be added to Exhibit A and for Issuers already listed on Exhibit A, the Bond Amount shall be revised on Exhibit A. Future Pension Bond Issuers and any Trustee for Future Pension Bonds shall execute this Intercept Agreement by signature of an authorized officer.

Any Trustee for Future Pension Bonds shall be listed in Exhibit C along with such Trustee's corresponding Future Pension Bonds. By agreeing to act as a Trustee for Future Pension Bonds, such Trustee hereby agrees to be bound by the terms and conditions of this Intercept Agreement including without limitation the application to Future Pension Bonds of the existing and any future Disbursement Schedules in effect for the Series 2003 Pension Bonds.

The Agency hereby agrees that at the time any Issuer or any Trustee executes this Intercept Agreement and is listed in the respective exhibits to this Intercept Agreement, the Agency shall be bound by the terms and conditions of this Intercept Agreement with respect to those parties.

If the Agency is required to make more than one Intercept Payment each month for any Issuer or Issuers, and the Agency does not have sufficient funds to make all the Intercept Payments for that Issuer or those Issuers, the Agency shall apply its available funds proportionally to make all Intercept Payments due for that Issuer or those Issuers.

Section 4.2 Limitation on Future Pension Bonds. An issue of pension bonds (the "Proposed Pension Bonds") will qualify as Future Pension Bonds only if the issuers of the Proposed Pension Bonds or the trustee for the Proposed Pension Bonds on behalf of the issuers files a certificate, dated as of the date of closing of the Proposed Pension Bonds, with the Agency and the Trustee for the Series 2003 Pension Bonds demonstrating that the Prior Revenues for each issuer in each of the three most recently completed fiscal years are not less than two (2.0) times the average aggregate annual debt service on the Proposed Pension Bonds and any outstanding Pension Bonds. For purposes of this Section 4.2, "Prior Revenues" means the amount of State Education Revenues distributed to the issuers of the Proposed Pension Bonds in a fiscal year. If an issuer merges or otherwise consolidates with other districts, the resulting entity shall be treated as having the debt service and Prior Revenues of the districts that merged into it. If an issuer separates into more than one district, each resulting entity shall be treated as having the portion of the debt service and Prior Revenues of the original entity attributable to such resulting entity.

Section 4.3 Other Obligations. Nothing shall prevent an Issuer or the Agency from entering into intercept agreements payable from State Education Revenues in connection with obligations that do not qualify as Future Pension Bonds. However, no payment may be made by the Agency under those intercept agreements at any time in any month for an Issuer until all payments due under this Intercept Agreement for that Issuer in that month have been paid in full.

ARTICLE V. MISCELLANEOUS

Section 5.1 Intercept Agreement Irrevocable. This Intercept Agreement is irrevocable.

Section 5.2 Effective Date. The Intercept Agreement will remain in effect until all Pension Bonds have matured or been redeemed.

Section 5.3 Binding Effect. This Intercept Agreement shall inure to the benefit of and shall be binding upon the Trustee, the Agency and the Issuers and their respective successors and assigns.

Section 5.4 Severability. In the event any provisions of this Intercept Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 5.5 Amendments. Except for changes in the Disbursement Schedule and the Intercept Schedule pursuant to Section 3.1(b) or Section 3.1(c) which do not require an amendment, and any amendments which do not materially adversely affect the Issuers or the holders of the Pension Bonds which amendments do not require consent, this Intercept Agreement may only be amended by the written consent of the Agency, the Trustee and 51% or more of the Issuers.

Section 5.6 Execution in Counterparts. This Intercept 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 5.7 Applicable Law. This Intercept Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intercept Agreement or the transactions contemplated hereby shall be brought in the United States District Court, District of Oregon.

Section 5.8 All Obligations Due on Business Days. If the date for making any payment, or the date for performing any act or exercising any right, as provided herein, is a day which is not a Business Day, such payment may be made, act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period from and after such date.

Section 5.9 Headings. The headings, titles and table of contents in this Intercept Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intercept Agreement.

IN WITNESS WHEREOF, the Trustee, the Agency and the Issuers have executed this Intercept Agreement as of the date and year first written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Trustee**

By: _____
Authorized Officer

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: _____
[name]
[title]

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

DISTRICT

COUNTY (OR COUNTIES)
OREGON

By: _____
Authorized Officer

EXHIBIT A

PARTICIPATING COMMUNITY COLLEGE DISTRICTS

**OREGON COMMUNITY COLLEGE ASSOCIATION
LIMITED TAX PENSION BONDS**

Series 2003 Issuers

Bond Amount

Future Pension Bond Issuers

Bond Amount

EXHIBIT B

FORM OF REQUEST FOR INFORMATION

From: Oregon Department of Community Colleges and Workforce Development ("Agency")
255 Capitol Street NE
Salem, OR 97310-0203

To: Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 S.W. Fifth Avenue
Portland, OR 97201

**Re: \$ _____ Oregon Community College Association Limited Tax Pension
Obligations, Series 2003**

The undersigned hereby certifies as follows:

1. The anticipated disbursement schedule for distribution of any state funding for community college districts (the "State Education Revenues") legally available to pay debt service on the pension bonds issued under the above referenced financing (currently designated as the "Community College Support Fund"), for the following fiscal year, beginning July 1, _____, is as follows:

District

Date or Dates of Payment

Payment Amount

2. If the timing of the disbursement schedule or the amounts to be disbursed identified in paragraph #1 above is different from that currently in effect, please describe these changes. Discuss the duration of these changes and whether the Agency expects that they will be in effect for more than the next fiscal year. If not, discuss the future disbursement schedule changes that are anticipated. Discuss whether the Agency reasonably expects that those changes will impair the ability of the Agency to make Intercept Payments in whole, in part or in accordance with the previously agreed upon Disbursement Schedule.

DATED: _____, 200_.

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: _____
Authorized Officer

EXHIBIT C

TRUSTEE FOR FUTURE PENSION BONDS

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OFFICIAL STATEMENT DATED APRIL 10, 2003

Oregon Community College Districts
\$153,582,299.60 Limited Tax Pension Obligations, Series 2003
(Federally Taxable)

\$73,067,299.60 Series 2003A
(\$148,100,000 Final Maturity Amount)
(Deferred Interest Obligations)

\$80,515,000 Series 2003B
(Current Interest Obligations)

DATED: Date of Delivery

DUE: June 30, as shown on the inside cover

STANDARD & POOR'S RATINGS ON THE OBLIGATIONS—"AA-", underlying; and "AAA", insured (see "Municipal Bond Insurance" and "Ratings" herein).

BOOK ENTRY ONLY—The Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Current Interest Obligations, Series 2003B (the "2003B Obligations"; collectively, the "Obligations") will be issued as fully registered obligations under a book-entry only system, registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Obligations. Individual purchases of the Obligations will be made in book-entry form, in denominations of \$5,000 (final maturity amount for the 2003A Obligations), or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased.

ISSUERS AND PURPOSE—Certain Oregon community college districts (collectively, the "Issuers") are issuing limited tax bonds (the "Pension Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS"), as more fully described herein, and to pay other costs related to financing the UALs, including costs of issuance. See "Purpose and Use of Proceeds" herein. The Issuers and the Trustee are required to enter into a Trust Agreement at closing to provide for the issuance and payment of the Obligations, which represent proportionate and undivided interests in and the right to receive the Pension Bond Payments.

THE PENSION BONDS AND THE OBLIGATIONS—*The Pension Bonds constitute such limited tax bonds of the Issuers. The Obligations represent proportionate and undivided interest in and right to receive particular Pension Bond Payments.*

SECURITY—The full faith and credit of each Issuer is pledged for the punctual payment of the principal of, premium, if any, and interest on its Pension Bond (the "Pension Bond Payments"), and debt service on the Pension Bonds is not subject to annual appropriation by the Issuers. The Pension Bonds will be payable from Available General Funds, including all taxes and other funds, of each Issuer legally available to such Issuer for payment of its Pension Bond. The Pension Bonds are further secured by an Intercept Agreement under which an amount equal to the debt service on each Issuer's Pension Bond is required to be diverted from State Education Revenues, defined herein, to the Trustee for the purposes of paying the principal and interest and any premium on the Pension Bonds. The Issuers are authorized to issue Future Pension Bonds and to require the Agency to divert State Education Revenues under the Intercept Agreement for debt service on such Future Pension Bonds. The Issuers are not authorized to levy additional taxes to pay the Pension Bonds. **NEITHER THE PENSION BONDS NOR THE OBLIGATIONS CONSTITUTE A DEBT OR INDEBTEDNESS OF THE OREGON DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE INDIVIDUAL ISSUERS.**

THE PENSION BONDS ARE LIMITED TAX BONDS. THE OBLIGATION OF THE ISSUERS TO PAY THE PENSION BONDS IS NOT SUBJECT TO ANNUAL APPROPRIATION BY THE ISSUERS AND THE PENSION BOND PAYMENTS ARE NOT SUBJECT TO ACCELERATION. FURTHER, NO ISSUER IS REQUIRED TO PAY ANY PORTION OF ANOTHER ISSUER'S PENSION BONDS OR LIABILITIES TO PERS.

Each Issuer is required to pay or cause to be paid the Pension Bond Payments on its series of limited tax Pension Bonds and the Trustee is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners.

Payment of the principal of and interest on the Obligations when due will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Obligations by Financial Guaranty Insurance Company.

 **Financial Guaranty Insurance Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government

PRINCIPAL AND INTEREST PAYMENTS—The 2003A Obligations are being issued as deferred interest obligations. Interest on the 2003A Obligations will be payable only at maturity, and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30, see "Accreted Value Table" herein).

The 2003B Obligations are being issued as current interest obligations. Interest on the 2003B Obligations will be payable on December 30, 2003 and semiannually thereafter on June 30 and December 30 of each year until maturity.

The principal of, premium, if any, and interest on the Obligations will be payable by the Trustee, currently Wells Fargo Bank Northwest, National Association, solely from Pension Bond Payments and from any amounts available in the funds and accounts established under the Trust Agreement, to DTC which, in turn, will remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Obligations.

MATURITY SCHEDULE—SEE INSIDE COVER

PREPAYMENT—The Obligations are not subject to optional prepayment prior to their stated maturities. The 2003B Obligations maturing on June 30, 2028 are subject to mandatory prepayment as further described herein.

TAX MATTERS—*Interest on the Obligations is includable in gross income for federal income tax purposes. In the opinion of Preston Gates & Ellis LLP, Special Counsel to the Issuers, under existing law, interest on the Obligations is exempt from present personal income taxation imposed by the State of Oregon. See "TAX MATTERS" herein.*

DELIVERY—The Obligations are offered for sale to the Underwriters subject to the final approving legal opinion of Preston Gates & Ellis LLP, Portland, Oregon, Special Counsel to the Issuers ("Special Counsel"). Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Seattle, Washington. It is expected that the Obligations will be available for delivery to the Trustee for Fast Automated Securities Transfer on behalf of DTC or through the Euroclear System ("Euroclear") and Clearstream, Luxembourg, in Europe, on or about April 23, 2003.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



**SEATTLE-NORTHWEST
SECURITIES CORPORATION**

Citigroup

Oregon Community College Districts

**\$73,067,299.60 Series 2003A; (\$148,100,000 Final Maturity Amount)
(Deferred Interest Obligations)**

DATED: Date of Delivery

DUE: June 30, as shown below

MATURITY SCHEDULE --

Due June 30	Original Principal Amount	Final Maturity Amount	Price per \$5,000 at Maturity	Approx. Yield to Maturity	CUSIP 68583R	Due June 30	Original Principal Amount	Final Maturity Amount	Price per \$5,000 at Maturity	Approx. Yield to Maturity	CUSIP 68583R
2004	\$ 939,318.90	\$955,000	\$4,917.90	1.40%	AA0	2014	\$4,107,835.85	\$7,415,000	\$2,769.95	5.35%	AL6
2005	1,846,218.70	1,930,000	4,782.95	2.04	AB8	2015	4,138,105.35	8,035,000	2,575.05	5.52	AM4
2006	3,045,203.60	3,320,000	4,586.15	2.73	AC6	2016	4,155,672.00	8,675,000	2,395.20	5.66	AN2
2007	3,278,863.20	3,765,000	4,354.40	3.33	AD4	2017	4,156,113.20	9,340,000	2,224.90	5.79	AP7
2008	3,491,624.50	4,225,000	4,132.10	3.71	AE2	2018	4,145,716.80	10,040,000	2,064.60	5.91	AQ5
2009	3,641,488.95	4,695,000	3,878.05	4.15	AF9	2019	4,113,332.80	10,760,000	1,911.40	6.03	AR3
2010	3,783,726.30	5,195,000	3,641.70	4.46	AG7	2020	4,101,696.00	11,520,000	1,780.25	6.10	AS1
2011	3,898,008.40	5,720,000	3,407.35	4.74	AH5	2021	4,069,439.80	12,310,000	1,652.90	6.18	AT9
2012	3,998,387.20	6,260,000	3,193.60	4.94	AJ1	2022	4,047,944.30	13,135,000	1,540.90	6.23	AU6
2013	4,070,994.40	6,820,000	2,984.60	5.13	AK8	2023	4,037,609.35	13,985,000	1,443.55	6.25	AV4

**\$80,515,000 Series 2003B
(Current Interest Obligations)**

DATED: Date of Delivery

DUE: June 30, as shown below

MATURITY SCHEDULE --

Due June 30	Principal Amount	Interest Rate	Yield	CUSIP 68583R
2024	\$14,880,000	5.66%	5.66%	AW2
2025	16,650,000	5.67	5.67	AX0
2026	18,575,000	5.68	5.68	AY8

\$30,410,000 5.60% Term Obligation due June 30, 2028 @ 5.71%; CUSIP No. 68583RBA9

Oregon Community College Districts - Issuers

1. Central Oregon Community College, Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties
2. Chemeketa Community College, Marion, Linn, Polk and Yamhill Counties
3. Columbia Gorge Community College, Wasco and Hood River Counties
4. Lane Community College, Benton, Douglas, Lane and Linn Counties
5. Mt. Hood Community College, Multnomah, Clackamas and Hood River Counties
6. Treasure Valley Community College, Malheur and Baker Counties

Special Counsel

Preston Gates & Ellis LLP
Portland, Oregon
(503) 228-3200

Trustee

Wells Fargo Bank Northwest, National Association
Portland, Oregon
(503) 886-1367

This Official Statement does not constitute an offer to sell the Obligations in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the Issuers or the Underwriters to give any information or to make any representations, other than those contained herein, in connection with the offering of the Obligations and, if given or made, such information or representations must not be relied upon. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the Issuers since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

Oregon Community College Districts

**\$153,582,299.60 Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

**\$73,067,299.60 Series 2003A
(\$148,100,000 Final Maturity Amount)
(Deferred Interest Obligations)**

**\$80,515,000 Series 2003B
(Current Interest Obligations)**

Introduction

Issuers and the Obligations

Six Oregon community college districts, as shown on the inside cover page of this Official Statement (collectively, the "Issuers"), are issuing limited tax pension bonds (the "Pension Bonds"), the proceeds of which will be used to finance a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS"), as more fully described herein, and to pay other costs related to financing the UAL, including costs of issuance of the Pension Bonds. The Issuers, political subdivisions duly organized and existing under and by virtue of the laws of the State of Oregon (the "State"), furnish this Official Statement in connection with the offering of \$73,067,299.60 (\$148,100,000 Final Maturity Amount) aggregate original principal amount of Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations"), and \$80,515,000 aggregate principal amount of Limited Tax Pension Current Interest Obligations, Series 2003B (the "2003B Obligations"; the 2003A Obligations and 2003B Obligations are collectively referred to herein as the "Obligations").

The Obligations and the Bonds

Proceeds received from the sale of the Obligations will be applied to purchase the Pension Bonds. The Obligations represent proportionate and undivided interests in and rights to receive particular payments of principal, premium, if any, and interest on the Pension Bonds, when due (the "Pension Bond Payments"). Each Issuer is required to pay the Pension Bond Payments or to cause such payments to be made on its behalf through the Intercept Agreement (see "Security for the Obligations - Intercept Agreement" herein) on its series of Pension Bonds, and Wells Fargo Bank Northwest, National Association (the "Trustee"), is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners and defined herein (see "Authorization for Issuance" and "Security for the Obligations" herein). EXCEPT FOR THE PAYMENT OF ITS PENSION BOND PAYMENTS AND ADDITIONAL CHARGES WHEN DUE IN ACCORDANCE WITH ITS RESOLUTION AND PENSION BOND, EACH ISSUER WILL HAVE NO OBLIGATION OR LIABILITY FOR ANY PAYMENT WITH RESPECT TO THE OBLIGATIONS AND NO OBLIGATION OR LIABILITY FOR ANY OTHER ISSUERS, OTHER PARTIES OR TO THE OWNERS OF THE OBLIGATIONS WITH RESPECT TO THE TRUST AGREEMENT OR THE TERMS, EXECUTION, DELIVERY OR TRANSFER OF THE OBLIGATIONS, OR THE DISTRIBUTION OF PENSION BOND PAYMENTS TO THE OWNERS BY THE TRUSTEE. See "Security for the Obligations" herein.

This Official Statement, which includes the cover page, inside cover and appendices, provides information concerning the Issuers, the Pension Bonds and the Obligations. Certain capitalized words and phrases used in this Official Statement have the meanings as defined in the Trust Agreement, described herein.

Description of the Obligations

Principal Amounts, Date, Interest Rates and Maturities

2003A Obligations. The 2003A Obligations will be issued in the aggregate original principal amount of \$73,067,299.60 (\$148,100,000 Final Maturity Amount) and will be dated and bear interest from their date of delivery. Interest on the 2003A Obligations will be payable only at maturity, and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30, see "Accreted Value Table" below). Interest on the 2003A Obligations, which is payable at maturity, is included in the Final Maturity Amount.

Accreted Value Table - 2003A Obligations

**Accreted Value per \$5,000
(Maturity Date)**

	06/30/2004	06/30/2005	06/30/2006	06/30/2007	06/30/2008	06/30/2009	06/30/2010
Date	1.4%	2.04%	2.73%	3.33%	3.71%	4.15%	4.46%
4/23/2003	\$ 4,917.90	\$ 4,782.95	\$ 4,586.15	\$ 4,354.40	\$ 4,132.10	\$ 3,878.05	\$ 3,641.70
6/30/2003	4,930.70	4,801.05	4,609.35	4,381.25	4,160.50	3,907.80	3,671.70
12/30/2003	4,965.20	4,850.05	4,672.25	4,454.20	4,237.65	3,988.90	3,753.60
6/30/2004	5,000.00	4,899.50	4,736.05	4,528.35	4,316.25	4,071.70	3,837.30
12/30/2004	-	4,949.50	4,800.70	4,603.75	4,396.35	4,156.15	3,922.90
6/30/2005	-	5,000.00	4,866.20	4,680.40	4,477.90	4,242.40	4,010.35
12/30/2005	-	-	4,932.65	4,758.30	4,560.95	4,330.45	4,099.80
6/30/2006	-	-	5,000.00	4,837.55	4,645.55	4,420.30	4,191.20
12/30/2006	-	-	-	4,918.10	4,731.75	4,512.00	4,284.70
6/30/2007	-	-	-	5,000.00	4,819.50	4,605.65	4,380.25
12/30/2007	-	-	-	-	4,908.90	4,701.20	4,477.90
6/30/2008	-	-	-	-	5,000.00	4,798.75	4,577.75
12/30/2008	-	-	-	-	-	4,898.35	4,679.85
6/30/2009	-	-	-	-	-	5,000.00	4,784.20
12/30/2009	-	-	-	-	-	-	4,890.90
6/30/2010	-	-	-	-	-	-	5,000.00

Accreted Value per \$5,000; (Maturity Date) - Continued

Date	06/30/2011 4.74%	06/30/2012 4.94%	06/30/2013 5.13%	06/30/2014 5.35%	06/30/2015 5.52%	06/30/2016 5.66%	06/30/2017 5.79%
4/23/2003	\$ 3,407.35	\$ 3,193.60	\$ 2,984.60	\$ 2,769.95	\$ 2,575.05	\$ 2,395.20	\$ 2,224.90
6/30/2003	3,437.20	3,222.75	3,012.90	2,797.30	2,601.30	2,420.20	2,248.65
12/30/2003	3,518.65	3,302.35	3,090.15	2,872.15	2,673.10	2,488.70	2,313.75
6/30/2004	3,602.05	3,383.90	3,169.45	2,949.00	2,746.85	2,559.10	2,380.75
12/30/2004	3,687.40	3,467.50	3,250.75	3,027.85	2,822.65	2,631.55	2,449.70
6/30/2005	3,774.80	3,553.15	3,334.10	3,108.85	2,900.60	2,706.00	2,520.60
12/30/2005	3,864.25	3,640.90	3,419.65	3,192.05	2,980.65	2,782.60	2,593.55
6/30/2006	3,955.85	3,730.85	3,507.35	3,277.40	3,062.90	2,861.35	2,668.65
12/30/2006	4,049.60	3,823.00	3,597.30	3,365.10	3,147.45	2,942.30	2,745.90
6/30/2007	4,145.60	3,917.40	3,689.60	3,455.10	3,234.30	3,025.60	2,825.40
12/30/2007	4,243.85	4,014.20	3,784.20	3,547.55	3,323.55	3,111.20	2,907.20
6/30/2008	4,344.40	4,113.35	3,881.30	3,642.40	3,415.30	3,199.25	2,991.35
12/30/2008	4,447.40	4,214.95	3,980.85	3,739.85	3,509.55	3,289.80	3,077.95
6/30/2009	4,552.80	4,319.05	4,082.95	3,839.90	3,606.45	3,382.90	3,167.05
12/30/2009	4,660.70	4,425.70	4,187.70	3,942.60	3,705.95	3,478.65	3,258.75
6/30/2010	4,771.15	4,535.05	4,295.10	4,048.10	3,808.25	3,577.10	3,353.10
12/30/2010	4,884.20	4,647.05	4,405.25	4,156.35	3,913.35	3,678.30	3,450.20
6/30/2011	5,000.00	4,761.85	4,518.25	4,267.55	4,021.35	3,782.40	3,550.05
12/30/2011	-	4,879.45	4,634.15	4,381.70	4,132.35	3,889.45	3,652.85
6/30/2012	-	5,000.00	4,753.00	4,498.90	4,246.40	3,999.55	3,758.60
12/30/2012	-	-	4,874.95	4,619.25	4,363.60	4,112.70	3,867.40
6/30/2013	-	-	5,000.00	4,742.85	4,484.05	4,229.10	3,979.35
12/30/2013	-	-	-	4,869.70	4,607.80	4,348.80	4,094.55
6/30/2014	-	-	-	5,000.00	4,735.00	4,471.85	4,213.10
12/30/2014	-	-	-	-	4,865.70	4,598.40	4,335.05
6/30/2015	-	-	-	-	5,000.00	4,728.55	4,460.55
12/30/2015	-	-	-	-	-	4,862.35	4,589.70
6/30/2016	-	-	-	-	-	5,000.00	4,722.60
12/30/2016	-	-	-	-	-	-	4,859.30
6/30/2017	-	-	-	-	-	-	5,000.00

Accreted Value Table - 2003A Obligations
Accreted Value per \$5,000; (Maturity Date) - Continued

	06/30/2018	05/30/2019	06/30/2020	06/30/2021	06/30/2022	06/30/2023
Date	5.91%	6.03%	6.1%	6.18%	6.23%	6.25%
4/23/2003	\$ 2,064.60	\$ 1,911.40	\$ 1,780.25	\$ 1,652.90	\$ 1,540.90	\$ 1,443.55
6/30/2003	2,087.10	1,932.65	1,800.25	1,671.75	1,558.60	1,460.15
12/30/2003	2,148.75	1,990.90	1,855.15	1,723.40	1,607.15	1,505.80
6/30/2004	2,212.25	2,050.95	1,911.75	1,776.65	1,657.20	1,552.85
12/30/2004	2,277.65	2,112.75	1,970.05	1,831.55	1,708.85	1,601.40
6/30/2005	2,344.95	2,176.45	2,030.15	1,888.15	1,762.05	1,651.45
12/30/2005	2,414.25	2,242.10	2,092.05	1,946.50	1,816.95	1,703.05
6/30/2006	2,485.60	2,309.70	2,155.85	2,006.65	1,873.55	1,756.25
12/30/2006	2,559.05	2,379.35	2,221.60	2,068.65	1,931.90	1,811.15
6/30/2007	2,634.65	2,451.05	2,289.40	2,132.55	1,992.10	1,867.75
12/30/2007	2,712.50	2,524.95	2,359.20	2,198.45	2,054.15	1,926.10
6/30/2008	2,792.65	2,601.10	2,431.15	2,266.40	2,118.15	1,986.30
12/30/2008	2,875.20	2,679.50	2,505.30	2,336.45	2,184.10	2,048.40
6/30/2009	2,960.15	2,760.30	2,581.70	2,408.60	2,252.15	2,112.40
12/30/2009	3,047.60	2,843.55	2,660.45	2,483.05	2,322.30	2,178.40
6/30/2010	3,137.65	2,929.25	2,741.60	2,559.80	2,394.65	2,246.50
12/30/2010	3,230.40	3,017.60	2,825.25	2,638.85	2,469.25	2,316.70
6/30/2011	3,325.85	3,108.55	2,911.40	2,720.40	2,546.15	2,389.10
12/30/2011	3,424.15	3,202.30	3,000.20	2,804.50	2,625.45	2,463.75
6/30/2012	3,525.30	3,298.85	3,091.70	2,891.15	2,707.25	2,540.75
12/30/2012	3,629.50	3,398.30	3,186.00	2,980.45	2,791.60	2,620.15
6/30/2013	3,736.75	3,500.75	3,283.20	3,072.55	2,878.55	2,702.00
12/30/2013	3,847.15	3,606.30	3,383.30	3,167.50	2,968.20	2,786.45
6/30/2014	3,960.85	3,715.05	3,486.50	3,265.40	3,060.65	2,873.50
12/30/2014	4,077.90	3,827.05	3,592.85	3,366.30	3,156.00	2,963.30
6/30/2015	4,198.40	3,942.45	3,702.45	3,470.30	3,254.30	3,055.95
12/30/2015	4,322.45	4,061.30	3,815.35	3,577.55	3,355.70	3,151.45
6/30/2016	4,450.20	4,183.75	3,931.75	3,688.10	3,460.25	3,249.90
12/30/2016	4,581.70	4,309.90	4,051.65	3,802.05	3,568.00	3,351.45
6/30/2017	4,717.10	4,439.80	4,175.20	3,919.55	3,679.15	3,456.20
12/30/2017	4,856.45	4,573.70	4,302.55	4,040.65	3,793.75	3,564.20
6/30/2018	5,000.00	4,711.60	4,433.80	4,165.50	3,911.95	3,675.60
12/30/2018	-	4,853.65	4,569.05	4,294.20	4,033.80	3,790.45
6/30/2019	-	5,000.00	4,708.40	4,426.90	4,159.45	3,908.90
12/30/2019	-	-	4,852.00	4,563.70	4,289.00	4,031.05
6/30/2020	-	-	5,000.00	4,704.75	4,422.65	4,157.05
12/30/2020	-	-	-	4,850.10	4,560.40	4,286.95
6/30/2021	-	-	-	5,000.00	4,702.45	4,420.90
12/30/2021	-	-	-	-	4,848.95	4,559.05
6/30/2022	-	-	-	-	5,000.00	4,701.55
12/30/2022	-	-	-	-	-	4,848.45
6/30/2023	-	-	-	-	-	5,000.00

2003B Obligations. The 2003B Obligations will be issued in the aggregate principal amount of \$80,515,000 and will be dated and bear interest from the date of delivery. The 2003B Obligations will mature on the dates and in the principal amounts and will bear interest (payable semiannually on June 30 and December 30, first interest payable December 30, 2003) until the maturity or earlier prepayment of the 2003B Obligations at the rates set forth on the inside cover of this Official Statement. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
Projected Debt Service Schedule**

Fiscal Year ⁽¹⁾	Principal	Interest	Total Debt Service
2004	\$939,318.90	\$5,405,705.66	\$6,345,024.56
2005	1,846,218.70	4,628,064.30	6,474,283.00
2006	3,045,203.60	4,819,079.40	7,864,283.00
2007	3,278,863.20	5,030,419.80	8,309,283.00
2008	3,491,624.50	5,277,658.50	8,769,283.00
2009	3,641,488.95	5,597,794.05	9,239,283.00
2010	3,783,726.30	5,955,556.70	9,739,283.00
2011	3,898,008.40	6,366,274.60	10,264,283.00
2012	3,998,387.20	6,805,895.80	10,804,283.00
2013	4,070,994.40	7,293,288.60	11,364,283.00
2014	4,107,835.85	7,851,447.15	11,959,283.00
2015	4,138,105.35	8,441,177.65	12,579,283.00
2016	4,155,672.00	9,063,611.00	13,219,283.00
2017	4,156,113.20	9,728,169.80	13,884,283.00
2018	4,145,716.80	10,438,566.20	14,584,283.00
2019	4,113,332.80	11,190,950.20	15,304,283.00
2020	4,101,696.00	11,962,587.00	16,064,283.00
2021	4,069,439.80	12,784,843.20	16,854,283.00
2022	4,047,944.30	13,631,338.70	17,679,283.00
2023	4,037,609.35	14,491,673.65	18,529,283.00
2024	14,880,000.00	4,544,283.00	19,424,283.00
2025	16,650,000.00	3,702,075.00	20,352,075.00
2026	18,575,000.00	2,758,020.00	21,333,020.00
2027	20,640,000.00	1,702,960.00	22,342,960.00
2028	9,770,000.00	547,120.00	10,317,120.00
	<u>\$153,582,299.60</u>	<u>\$180,018,559.96</u>	<u>\$333,600,859.56</u>

(1) Fiscal years ending June 30.

NOTE: Columns may not foot due to rounding. Debt service schedules for each of the Issuer's Pension Bonds are attached hereto as Appendix E.

Prepayment Provisions

Optional Prepayment. The Obligations will not be subject to optional prepayment prior to maturity.

Mandatory Prepayment. The Series 2002B Obligation maturing on June 30, 2028 (the "2028 Term Obligation") is subject to mandatory prepayment prior to its stated maturity, in part, *pro rata* among Owners of the 2028 Term Obligation, on any June 30 on or after June 30, 2027, at the principal amount thereof together with accrued interest thereon to the date fixed for prepayment, without premium, solely from mandatory sinking fund payments deposited into the Obligation Account for the Obligations, as follows:

2028 Term Obligations Maturing June 30, 2028

<u>Payment Date (June 30)</u>	<u>Mandatory Prepayment</u>
2027	\$ 20,640,000
2028	<u>9,770,000⁽¹⁾</u>
	<u>\$ 30,410,000</u>

(1) Final maturity.

Selection of Obligations for Prepayment. If the Series 2002B Obligations maturing in 2028 are in book-entry form at the time of mandatory prepayment, the Trustee will direct DTC to instruct the DTC Participants to select such Series 2002B Obligations for prepayment *pro rata* among all Owners of the maturity being prepaid. Neither the Issuers nor the Trustee will have responsibility to insure that DTC or its participants properly select such Series 2002B Obligations for prepayment. If the Series 2002B Obligations maturing in 2028 are not then in book-entry form at the time of mandatory prepayment, the Trustee shall select such Series 2002B Obligations for prepayment in \$5,000 increments, *pro rata* among Owners to the greatest extent practicable.

Notice of Prepayment (DTC). So long as the 2003B Obligations are in book-entry only form, the Trustee is required to notify DTC of an early prepayment not less than 30 days prior to the date fixed for prepayment, and to provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the 2003B Obligations.

Notice of Prepayment (No DTC). During any period in which the 2003B Obligations are not in book-entry only form, unless waived by any Owner of the 2003B Obligations to be prepaid, official notice of any prepayment of 2003B Obligations will be given by the Trustee on behalf of the Issuers by mailing a copy of an official prepayment notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for prepayment, to the Owners of the 2003B Obligations to be prepaid at the addresses shown on the bond register or at such other addresses as are furnished in writing by such Owners to the Trustee.

Registration Features

The Obligations will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as Obligation Owner and as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 (final maturity amount for the 2003A Obligations) within a single maturity and integral multiples thereof. Purchasers ("Beneficial Owners") will not receive certificates representing their interest in the Obligations.

The principal of, premium, if any, and interest on the Obligations will be payable by the Trustee to DTC, which, in turn, is obligated to remit such principal, premium and interest to its participants for subsequent disbursement to the Beneficial Owners of the Obligations, as further described in Appendix B attached hereto. Interest on the Obligations will be credited to the Beneficial Owners by the DTC Participants.

The Trustee

The Trustee is a wholly owned subsidiary of Wells Fargo & Company (NYSE:WFC). Wells Fargo & Company is a diversified financial services company with approximately \$349 billion in assets as of December 31, 2002, providing banking, insurance, investments, mortgage and consumer finance from more than 5,400 stores and the Internet (wellsfargo.com) across North America and elsewhere internationally.

Book-Entry Bonds

DTC will act as securities depository for the Obligations. The ownership of one fully registered certificate for each series and maturity of the Obligations, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of the Obligations of such series and maturity will be registered in the name of Cede & Co., as nominee for DTC. Clearstream, Luxembourg and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg and Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream, Luxembourg and the Euroclear Operator acts as depository for Euroclear (the "U.S. Depositories"). See Appendix B attached hereto for additional information.

Procedure in the Event of Discontinuation of Book-Entry Transfer System. If DTC resigns as the securities depository and the Issuers are unable to retain a qualified successor to DTC, or if the Issuers have determined that it is in the best interest of

the Issuers not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Obligations might be adversely affected if the book-entry system of transfer is continued, the Issuers are required to execute, authenticate and deliver at no cost to the Beneficial Owners of the Obligations or their nominees, Obligations in fully registered form, in the denomination of \$5,000 (final maturity amount for the 2003A Obligations) or any integral multiple thereof within a maturity. Thereafter, the principal of the Obligations will be payable upon due presentment and surrender thereof at the principal office of the Obligation Registrar; interest on the Obligations will be payable by check or draft mailed or by wire transfer (wire transfer will be made only if so requested in writing and if the registered owner owns at least \$1,000,000 aggregate principal amount or accreted value of the Obligations) to the persons in whose names such Obligations are registered, at the address appearing upon the registration books on the 15th day of the month in which an interest payment date occurs, and the Obligations will be transferable as provided in the Trust Agreement.

Authorization for Issuance

The Pension Bonds. The Pension Bonds are authorized and issued under the resolutions listed in the following table (the "Resolutions") and adopted by each of the applicable Issuer's governing body (the "Board of Directors"). The Pension Bonds are being issued pursuant to Oregon Revised Statutes ("ORS") 238.692 to 238.698, inclusive (the "Pension Bonding Act"), which authorizes community college districts to issue limited tax bonds to finance their pension liabilities, and ORS 288.150, which permits the Issuers to pledge their full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Pension Bonds.

The Obligations. The Issuers are authorized under the Pension Bonding Act to sell their Pension Bonds to the Trustee. The Obligations represent proportionate and undivided interests in and rights to receive particular Pension Bond Payments. Each Issuer is required to pay the Pension Bond Payments or to cause such payments to be made on its behalf through the Intercept Agreement (see "Security for the Obligations - Intercept Agreement" herein) on its series of Pension Bonds, and the Trustee is required to deposit these payments into appropriate subaccounts in the Trust Fund, which is part of the Trust Estate pledged to the benefit of the Obligation Owners and defined herein.

The Issuers and the Trustee are required to enter into a Trust Agreement at closing to provide for the issuance and payment of the Obligations. The Trust Agreement constitutes an intergovernmental agreement among the Issuers, authorized by the Pension Bonding Act, whereby the Issuers agree among themselves that the Pension Bonds and Obligations will be collectively issued, administered and paid as provided by the Trust Agreement.

Pension Bond Authorizing Resolutions

	Issuer	Resolution No.	Resolution Adopted
1.	Central Oregon Community College	--(1)	February 27, 2003
2.	Chemeketa Community College	02-03-31	February 19, 2003
3.	Columbia Gorge Community College	--(1)	February 12, 2003
4.	Lane Community College	479	February 12, 2003
5.	Mt. Hood Community College	--(1)	February 12, 2003
6.	Treasure Valley Community College	02-010	March 11, 2003

(1) Numbers are not assigned to resolutions.

Purpose and Use of Proceeds

The Pension Bonds. The proceeds from the sale of the Pension Bonds will be used to finance all or a portion of each Issuer's UAL with the State of Oregon Public Employees Retirement System ("PERS") as of May 1, 2003, and to pay other costs related to the UAL, including the costs of issuance of the Obligations. The May 1, 2003 UAL estimate is projected from PERS' December 31, 2001 actuarial valuation.

The Obligations. The Trustee is required to transfer Obligation proceeds from the Proceeds Account (see "Security for the Obligations - Funds and Accounts" herein) to PERS to reduce the estimated UAL for each Issuer.

The following table presents for each Issuer the Issuer's UAL as of December 31, 2001 and UAL payoff amounts as of May 1, 2003, as determined by Milliman USA, and the total principal amount of each Issuer's Pension Bond principal as of May 1, 2003.

May 1, 2003 Pension Bond Principal

Issuer	Total December 31, 2001 UAL ⁽¹⁾	Total UAL as of May 1, 2003 ⁽²⁾	2003 Pension Bond Principal	Percentage of Total Obligations
1. Central Oregon	\$20,591,818	\$22,653,144	\$11,535,638	7.51%
2. Chemeketa	56,417,668	62,283,085	25,374,369	16.52
3. Columbia Gorge	3,144,960	3,471,807	3,570,327	2.32
4. Lane	61,782,642	68,205,825	51,803,948	33.73
5. Mt. Hood	45,227,817	49,929,475	50,596,537	32.94
6. Treasure Valley	9,544,333	10,536,250	10,701,480	6.97
Total:	\$222,197,265	\$217,079,586	\$153,582,300	100.00%

- (1) Source: Milliman USA. The amounts in this column represent the total UAL determined by Milliman USA in the December 31, 2001 actuarial evaluation. Milliman USA's total UAL for all community college districts were allocated among the individual community college districts on the basis of each district's payroll as a percentage of the State and Local Government Rate Pool.
- (2) Source: Milliman USA.

Sources and Uses of Funds

The proceeds of the Obligations are estimated to be applied as follows:

<u>Sources of Funds</u>	<u>Total</u>
Principal Amount of Obligations:	
Series A ⁽¹⁾	\$ 73,067,300
Series B	80,515,000
Original Issue Discount	<u>(447,027)</u>
Total Sources of Funds	<u>\$ 153,135,273</u>
 <u>Uses of Funds</u>	
Transfer to PERS	\$ 151,418,473
Underwriters' Discount, Costs of Issuance, Obligation Insurance and Contingency	<u>1,716,800</u>
Total Use of Funds	<u>\$ 153,135,273</u>

- (1) Rounded to the nearest dollar.

Security for the Obligations

General

Each Issuer is issuing its Pension Bond to finance all or a portion of its UAL and to pay other costs related to financing the UAL, including costs of issuance. Each Issuer's UAL is that Issuer's estimated allocated portion of the total State pool UAL as of May 1, 2003. State agencies, certain local governments and community college districts are pooled for actuarial purposes by PERS; this pool is referred to hereinafter as the "State and Local Government Rate Pool" (see "Oregon Public Employees Retirement System" herein). The Issuers and the Trustee are entering into a Trust Agreement at closing to provide for the issuance and payment of the Obligations. All of the rights, title and interest of the Issuers and the Trustee in and to the Pension Bonds and in and to all funds held by the Trustee under the Trust Agreement (including proceeds of the Obligations and any investment income therefrom), excepting only the right of the Trustee to the Additional Charges and indemnification (the "Trust Estate") are pledged for the benefit of the Owners of the Obligations. Within each fund and account held by the Trustee, the Trustee is required to establish a subaccount for each Issuer. Funds held by the Trustee in a subaccount of an Issuer in the Obligations Account may not be used to make the Pension Bond Payments of other Issuers. The Obligations represent proportionate and undivided interests in and rights to receive particular payments.

Full Faith and Credit Pledge

Each Issuer's Pension Bond is a limited tax bond of that Issuer. The full faith and credit and taxing power, within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, of each Issuer are pledged for the payment of the principal of, premium, if any, and the interest on its Pension Bond. Each Issuer's Pension Bond is payable from the Issuer's Available General Funds, which is defined as all *ad valorem* property tax revenues received from levies under each Issuer's permanent rate limit and all other unrestricted taxes, fees, tuition, charges, revenues, including any state funding for community college districts, legally available to pay debt service on its Pension Bonds (the "State Education Revenues"). The Issuers are not authorized to levy additional taxes to pay the Pension Bonds.

Security Payments

The Issuers are scheduled to make monthly payments from September through May of each fiscal year in amounts that equal approximately 1/9th of the debt service on the Pension Bonds for each fiscal year (the "Security Payments"). The Trustee is required to adjust each Security Payment that is due immediately before each Pension Bond Payment to insure that the amount of that Security Payment, plus the Security Payments and Intercept Payments described below, that the Trustee then has available are sufficient to allow the Trustee to make each Pension Bond Payment when due. Any Intercept Payments received by the Trustee from the Agency and any investment earnings available to the Trustee shall be credited against the Security Payments.

Intercept Agreement

The Pension Bonds are secured, in part, by an Intercept Agreement under which the Oregon Department of Community Colleges and Workforce Development (the "Agency") has agreed to divert to the Trustee an amount equal to the debt service on each Issuer's Pension Bond from the first State Education Revenues available for that Issuer. The Intercept Agreement requires a supplemental intercept agreement for each future pooled pension bond issue. The Trust Agreement obligates the Trustee to apply the amounts the Trustee receives under the Intercept Agreement (the "Intercept Payments") to pay the principal and interest and any premium on the Pension Bonds. The Intercept Agreement provides that the Trustee is required to invoice the Agency no later than 15 days prior to the date on which an Intercept Payment is due (see "Intercept Schedule" and "Security Payments" herein), unless the Agency and the Trustee agree to a different schedule.

Each Issuer has covenanted that it will not enter into any other agreement with the Agency whereby State Education Revenues would be diverted in time or priority before diversion for the Pension Bonds. The Intercept Agreement provides that so long as any Intercept Payment for an Issuer is due or overdue, the Agency has covenanted that it will not disburse State Education Revenues to that Issuer until all of those Intercept Payments have been paid to the Trustee. If the Trustee learns from the Agency that the schedule for the Agency to receive State Education Revenues for each Issuer (the "Disbursement Schedule") from the State has changed, the Trustee is required to adjust its invoices to the Agency to conform to those changes in the revised Disbursement Schedule and to include the amounts to be paid by the Agency for each Issuer so that the Trustee continues to receive Intercept Payments for each Issuer in the amounts and at the times that are expected to avoid billings to, and Security Payments from, Issuers. The Trustee is also required to provide the Issuers with a copy of any new Disbursement Schedule within 10 days after receipt of such Disbursement Schedule from the Agency.

The Oregon School Bond Guaranty program (the "OSBG"), is a credit enhancement offered through the Oregon State Treasurer's office for voter-approved general obligation bonds. OSBG does not guarantee payment of principal, premium, if any, and interest on pension bonds or other debt that is not a voter-approved general obligation bond. The OSBG program allows the State Treasurer to intercept money in the Oregon Community College Support Fund (the "CCSF Fund") if an issuer of a guaranteed bond defaults and the State pays on the guaranty. Central Oregon Community College is the only Issuer that is a participant in the OSBG and others may participate in the future. Further, the State could authorize other intercept programs for other purposes in the future. Central Oregon Community College issued a general obligation bond in October 2001 that was enhanced by the OSBG. As of January 31, 2003, the principal amount outstanding on the bonds was \$9,645,000. None of the other Issuers currently have a bond enhanced by the OSBG.

Security Payments and Intercept Payments Schedule

The schedule of Intercept Payments should provide the Trustee for each series of Pension Bonds with Intercept Payments at times and in amounts that avoid Issuers being billed for, or required to make, Security Payments. The Security Payments of approximately 1/9th of the annual debt service on the Pension Bonds are due monthly from each Issuer to the Trustee from September to May. The Intercept Payment due on August 15th is required to be credited against the Security Payments that are scheduled to be made in September, October and November. The October 15th Intercept Payment is required to be credited against the Security Payments that are scheduled to be made in December, January and February. The January 15th Intercept Payments is required to be credited against the Security Payments that are scheduled to be made in March, April and May.

Unless the Agency and the Trustee agree in writing to a different schedule, the following schedule summarizes the schedule for invoicing and collecting Intercept Payments and Security Payments.

Payment Schedule

Due Date	Action
25 th day of month preceding the month in which an Intercept Payment is due:	Trustee sends an invoice for Intercept Payments to the Agency (invoice dates shall initially be July 25, September 25 and December 25);
25 th day of month preceding the month in which a Security Payment is due (Security Payments are due each month from September through May):	Trustee sends an invoice for Security Payments to each Issuer to cover deficiencies, if any, in Intercept Payments (invoice dates are initially August 25 through April 25);
15 th day of month in which an Intercept Payment is due:	Intercept Payments due from the Agency (Intercept Payments are initially due on August 15, October 15 and January 15);
20 th day of month in which a Security Payment is due:	Security Payments due from Issuers (Security Payments are initially due in each month from September through May); and
30 th day of June and December:	Obligation Payment date.

THE PRECEDING PAYMENT SCHEDULE FOR INTERCEPT PAYMENTS MAY CHANGE TO ACCOMMODATE CHANGES IN THE DISBURSEMENT SCHEDULE AND INTERCEPT SCHEDULE. THE TRUST AGREEMENT PROVIDES, HOWEVER, THAT SECURITY PAYMENTS ARE ALWAYS DUE TO THE TRUSTEE NO LATER THAN THE 20TH DAY OF THE MONTH WHEN DUE.

If the Trustee does not receive an Intercept Payment for an Issuer when due or only receives a partial Intercept Payment, the crediting against Security Payments shall occur as set forth below. If the Disbursement Schedule changes from the August, October, January schedule, the crediting of Security Payments shall be as described below. If no Intercept Payments are received, there will be no crediting against Security Payments.

Partial Intercept Payments. If the Disbursement Schedule does not change but the Agency is not able to make a full Intercept Payment, the partial amount of the Intercept Payment that is made will be credited by the Trustee against any Security Payments currently due and the Issuers will pay any deficiencies in their monthly Security Payments. The Trustee will bill the Agency for the deficiency in the Intercept Payment with the next Intercept Payment. If the Trustee receives an Intercept Payment that pays a billing for a prior deficiency before the Trustee receives one or more of the Security Payments that were billed because of the deficiency, the Trustee shall notify the affected Issuers as soon as practical if any of the previously billed Security Payments are no longer required. If the Trustee receives both an Intercept Payment that pays a billing for a prior deficiency and one or more Security Payments that were billed because of that deficiency, the Trustee shall credit the excess against the next Intercept Payments.

Late Intercept Payments. If the Disbursement Schedule does not change, the Agency makes a partial Intercept Payment and then makes a further late Intercept Payment, the late payment will be credited by the Trustee against any Security Payments currently due and the Issuers will pay any deficiencies in their monthly Security Payments.

Change in Disbursement Schedule. If the Disbursement Schedule changes, the Trustee shall credit any Intercept Payments it receives against any Security Payments currently due and, pursuant to the Intercept Agreement, will revise the amounts and timing of the Intercept Payments.

PAYMENT OF DEBT SERVICE THROUGH THE INTERCEPT AGREEMENT ON THE OBLIGATIONS AND THE PENSION BONDS DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR THE AGENCY. THE AVAILABILITY OF STATE EDUCATION REVENUES TO EACH ISSUER IS SUBJECT TO APPROPRIATION BY THE STATE LEGISLATIVE ASSEMBLY. The Intercept Agreement contains no default provisions and the Trustee may have no remedy against the Agency if the Agency does not comply with the terms of the Intercept Agreement. ORS 238.698 specifically provides that the Agency may enter into a diversion agreement such as the Intercept Agreement and that such agreement must provide that:

- 1) diverted payments will be paid directly to the Trustee on behalf of the Issuers in amounts equal to the debt service owed by the Issuers;
- 2) the Agency must pay the amounts due under the diversion agreement to the debt service trust fund before paying any other amounts to the Issuers;
- 3) the agreement is irrevocable; and

4) the agreement will remain in effect until all the bonds issued by the Issuers mature or are prepaid.

As mandated by statute, these terms and obligations of the Agency are contained in the Intercept Agreement.

The form of the Intercept Agreement is attached to this Official Statement as Appendix F.

Each Issuer has represented, covenanted and warranted that all required action has been taken to ensure the enforceability of its obligations under the Intercept Agreement and has covenanted to take all actions that are required to continue to qualify it to receive State Education Revenues.

THE PENSION BONDS ARE LIMITED TAX BONDS. THE OBLIGATION OF EACH ISSUER TO PAY ITS PENSION BOND IS NOT SUBJECT TO ANNUAL APPROPRIATION AND THE PENSION BOND PAYMENTS ARE NOT SUBJECT TO ACCELERATION. NO ISSUER IS REQUIRED TO PAY ANY PORTION OF ANOTHER ISSUER'S PENSION BOND OR LIABILITIES TO PERS (see "Full Faith and Credit Pledge" and "Security Payments" herein).

Coverage of Pension Bond Debt Service

College	State Education Revenues			Average Annual Debt Service	Coverage: Lowest State Education Revenues to Avg. Debt Service ⁽¹⁾
	1999-2000	2000-2001	2001-2002		
1. Central Oregon	\$ 6,606,779	\$ 7,159,448	\$ 7,912,488	\$ 1,010,244	6.54
2. Chemeketa	26,166,385	26,736,583	27,867,865	2,205,150	11.87
3. Columbia Gorge	1,887,634	2,004,737	2,260,978	306,349	6.16
4. Lane	29,255,830	29,760,562	30,632,906	4,494,970	6.51
5. Mt. Hood	18,638,843	20,504,795	21,829,176	4,390,535	4.25
6. Treasure Valley	5,387,670	5,578,733	5,711,108	936,786	5.75

(1) Coverage represents the lowest level of State Education Revenues received in the past 3 fiscal years over debt service on the Pension Bonds.

Source: Derived from the Audited Financial Reports of the individual Issuers.

Funds and Accounts

The Trustee is required to establish, hold and maintain a special fund known as the "Series 2003 Community College Pension Obligation Trust Fund" (the "Trust Fund") separate and apart from all other funds and moneys. The Trust Fund will include three separate accounts known as the "Proceeds Account", "Obligation Account", and "Prepayment Account" and within each Account, a separate subaccount for each Issuer. Each of these accounts is more fully described below.

Proceeds Account. The proceeds from the sale of the Obligations, net of any contingency, is required to be credited to the Proceeds Account for the sole use of paying pension liabilities of the Issuers to PERS and to pay the costs of issuance of the Pension Bonds.

Obligation Account. Amounts specified as a contingency amount in the closing instructions will be deposited in the applicable Issuer's subaccount of the Obligation Account. The Obligation Account and its subaccounts will be maintained by the Trustee until all Obligations have been paid in full.

To secure the payment of Pension Bond Payments, the Agency is required to transfer Intercept Payments to the Trustee on behalf of each Issuer. To the extent funds provided in accordance with the Intercept Agreement are insufficient, the Trust Agreement requires each Issuer to transfer the Security Payment to the Trustee for deposit in the Obligation Account no later than the 20th day of each month in which a Security Payment is due. The Trustee is required to credit each Issuer's Security Payment and any amounts it receives as Intercept Payments from the Agency on behalf of the Issuer to that Issuer's subaccount of the Obligation Account. On each Payment Date the Trustee is required to apply the Security Payments and Intercept Payments on deposit in each of the subaccounts of the Obligation Account to pay the Pension Bond Payments of the Issuers for which those subaccounts were created, and transfer those Pension Bond Payments to the Owners.

If, after the Trustee receives a Security Payment, and prior to a Payment Date, funds in an Issuer's subaccount are insufficient to make its Pension Bond Payments due to an investment loss, the Trustee is required to notify such Issuer and demand payment for the balance of the Pension Bond Payment.

If, on any Payment Date, the amount available in an Issuer's subaccount of the Obligation Account is less than the Pension Bond Payment which is due from that Issuer on that Payment Date, the Trustee is required to apply the amount then available in the Obligation Account to Owners proportionally, based on the aggregate amount of principal and interest that was paid on the Pension Bonds by the Issuer and other Issuers.

Any amounts in a subaccount of the Obligation Account remaining after a Pension Bond Payment is made will be retained in such subaccount. The Trustee is required to credit such remaining amounts in each Issuer's subaccount against the next Intercept Payment or Security Payment due from that Issuer. Amounts in an Issuer's subaccount will not be used to make Pension Bond Payments of other Issuers. Any surplus remaining in an Issuer's subaccount of the Obligation Account after payment of all amounts due under that Issuer's Pension Bond, payment of all Obligations which are entitled to be paid from the Pension Bond Payments under that Pension Bond, and payment of any applicable fees and expenses of the Trustee, will be paid to such Issuer.

Prepayment Account. The Trustee is required to establish a separate account within the Trust Fund to be designated the "Prepayment Account," and also establish a separate subaccount in the Prepayment Account for each Issuer. The Prepayment Account and its subaccounts will be maintained by the Trustee until the Pension Bond Payments are paid in full or defeased pursuant to the terms of the Pension Bonds. The Trustee is required to deposit all principal components of each Issuer's Pension Bond Payments which are prepaid in that Issuer's subaccount of the Prepayment Account. Forty days prior to each Obligation prepayment date, the Trustee is required to determine the amount available in each subaccount of the Prepayment Account, and is required to apply that amount to prepay related principal components of Obligations. For purposes of the preceding sentence, the Trustee may consider amounts deposited in a defeasance escrow held by the Trustee as available in the Prepayment Account.

Investment of Funds. The Trust Agreement provides that the moneys and investments held by the Trustee are irrevocably held in trust for the benefit of the Owners of the Obligations and that such moneys and investments are not subject to levy, attachment or lien by or for the benefit of any creditor of the Trustee, any Issuer or Owner. At the written direction of each Issuer, amounts held by the Trustee in each Issuer's subaccounts will be invested between the date of the Security Payment or Intercept Payment and the date of the corresponding Bond Payment in Permitted Investments (meaning any investment in which an Oregon community college district is permitted by Oregon law and its investment policies to invest its surplus funds, bond proceeds or bond funds, provided such investment does not mature later than the next applicable Payment Date). Interest earnings on each Issuer's subaccount in each account held by the Trustee is required to be credited to that subaccount. The Trustee may commingle any of the funds held by it for investment purposes only.

Future Pension Bonds

The Issuers and/or other community college districts have the right to issue future Pension Bonds (the "Future Pension Bonds") if the Issuers and/or other community college districts and any Trustees for the Future Pension Bonds authorize and enter into the Intercept Agreement and confirm that all applicable representations in the Intercept Agreement are correct. The Intercept Agreement provides that Future Pension Bonds for an individual Issuer are required to have a parity claim on amounts payable under the Intercept Agreement.

The Intercept Agreement provides that if the Agency is required to make more than one Intercept Payment each month for an Issuer, and the Agency does not have sufficient funds to pay all the Intercept Payments for that Issuer, the Agency shall apply funds it has available for that Issuer proportionally to pay all Intercept Payments due for that Issuer.

Defaults and Remedies

Defaults. The following occurrences constitute Events of Default under the resolutions authorizing the Pension Bonds ("Pension Bond Default"):

- (1) Failure by the Issuer to pay Pension Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Pension Bond Payments have been properly called for prepayment);
- (2) Failure by the Issuer to observe and perform any covenant, condition or agreement which the Issuer's Pension Bonds require and the failure continues for a period of 60 days after written notice to the Issuer by the Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it will not constitute an Event of Default so long as corrective action is instituted by the Issuer within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice; or,
- (3) The Issuer is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

One or both of the following constitute Events of Default under the Trust Agreement:

- (1) If default will be made in the due and punctual payment of any principal or interest scheduled to be paid on the Obligations; or
- (2) The occurrence of any Pension Bond Default.

The occurrence of any Pension Bond Default of an Issuer does not constitute a Pension Bond Default of other Issuers.

Remedies. The Trustee may waive any Event of Default under a Pension Bond and its consequences, except a failure to pay principal, interest or premium, when due. If an Event of Default occurs and is continuing, the Trustee may exercise any remedy available at law or in equity; however, the Pension Bond Payments will not be subject to acceleration, and each Issuer is responsible solely for its Pension Bond Payments and any fees and other charges of the Trustee ("Additional Charges") reasonably allocated to it.

Upon the occurrence and continuance of any Event of Default under the Trust Agreement, the Trustee may, and if the Owners of not less than 51 percent in aggregate principal amount of Obligations then Outstanding so request, will take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the Trustee or the Owners of Obligations by the Trust Agreement or the Pension Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Trust Agreement or in aid of the exercise of any power granted in the Trust Agreement or for the enforcement of any other legal or equitable right vested in the Trustee by the Trust Agreement or by law; provided that in no event will the Trustee have the right to accelerate the Pension Bond Payments or the Obligations. The Trustee is not permitted to exercise remedies against an Issuer which has not caused a Pension Bond Default.

The Trust Agreement provides that no remedy is intended to be exclusive and that every such remedy will be cumulative and will be in addition to every other remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

If at any time after a Pension Bond Default has occurred the moneys in an Issuer's subaccount of the Obligation Account are not sufficient to pay the Additional Charges and the Pension Bond Payments as the same become due and payable, any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for under the Trust Agreement or otherwise, are required to be applied by the Trustee as follows:

- (1) To the payment of any Additional Charges which are then due or overdue.
- (2) To the payment of the interest on such Issuer's Pension Bonds.
- (3) To the payment of the principal on such Issuer's Pension Bonds.

In no event shall non-payment of one Series 2003 Issuer affect another. Obligations are to be paid pro-rata.

Municipal Bond Insurance Policy. Under the terms of the Municipal Bond Insurance Policy (see "Municipal Bond Insurance Policy" herein), the following default-related provisions will be incorporated into the Trust Agreement and apply to the Obligations:

- (1) The Trustee shall use the remaining funds for each Issuer in the Trust Estate to pay principal of or interest on the share of the Obligations allocable to that Issuer in the event of a payment default.
- (2) No effect shall be given to payments made under the Municipal Bond Insurance Policy in determining whether a payment default has occurred or whether a payment on the Obligations has been made under the Trust Agreement and the Intercept Agreement.
- (3) Financial Guaranty shall receive immediate notice of any payment default and notice of any other default known to the Trustee or the Issuers within 30 days of the Trustee's or the Issuers' knowledge thereof.
- (4) For all purposes of the default and remedies provisions, except the giving of notice of default to Owners, Financial Guaranty shall be deemed to be the sole holder of the Obligations it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy. Financial Guaranty shall be deemed to be the sole holder of the Obligations insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Obligations insured by it are entitled to take pursuant to the Trust Agreement.
- (5) Financial Guaranty shall be included as a party in interest and as a party entitled to (i) notify the Issuers, the Trustee, or any applicable receiver of the occurrence of an event of default and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the Obligations of the security therefore. The Trustee or receiver shall be required to accept notice of default from Financial Guaranty.

Amendments to Resolutions and Pension Bonds

The Resolutions authorize the issuance by the Issuers of their Pension Bonds (see "Authorization for Issuance" herein) and the Resolutions and the Pension Bonds may only be amended with the consent of the Trustee. The Trustee shall not consent to amendments of the Resolutions unless the amendments do not materially and adversely change the rights of the Trustee as Pension Bond Owner, and unless the Trustee receives the consent of the Obligation Insurer. At the request of any Issuer and without the consent of Owners, the Trustee may, with an approving opinion of Special Counsel, approve amendments of the Pension Bonds and the related Resolutions which are required (a) to cure any formal defect, omission,

inconsistency or ambiguity or to conform those documents to the requirements of the Trust Agreement or (b) to make any other change which, in the reasonable judgment of the affected Issuer and the Trustee, does not materially and adversely affect the Owners. Any other amendment to the Pension Bonds and the Resolutions requires the consent of the affected Issuer, the Trustee and the Owners of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding and an approving opinion of Special Counsel. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Pension Bonds that would permit the termination or cancellation of the Pension Bonds, a reduction in or postponement of the Pension Bond Payments or a release of the full faith and credit pledge.

Amendments to Trust Agreement

Supplemental Trust Agreement without Consent of Owners. Upon the written consent of Financial Guaranty (or, if the Municipal Bond Insurance Policy is no longer in effect, the Issuers representing 51 percent or more of the then outstanding principal amount of Pension Bonds), the Trustee may amend the Trust Agreement without the consent of or notice to the Owners and, if the Municipal Bond Insurance Policy is in effect, without the consent of or notice to the Issuers for any of the purposes listed below:

- (1) To cure any formal defect, omission, inconsistency or ambiguity in the Trust Agreement.
- (2) To grant to or confer or impose upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed.
- (3) To add to the covenants and agreements of, and limitations and restrictions upon, the Trustee or the Issuers in this Trust Agreement other covenants, agreements, limitations and restrictions to be observed by the Trustee or the Issuers which are necessary or desirable and not contrary to or inconsistent with the Trust Agreement as theretofore in effect. No amendment will increase an Issuer's obligations or limitations under the Trust Agreement, or change an Issuer's obligations under its Pension Bond without that Issuer's consent.
- (4) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, this Trust Agreement, or of any other moneys, securities or funds.
- (5) To evidence the appointment of a successor Trustee.
- (6) To comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended and supplemented.

Before the Trustee shall amend the Trust Agreement as provided above, an opinion of counsel is required to be delivered to the Trustee stating that such supplement or amendment does not materially and adversely affect the rights or obligations of the Issuers. If the Trustee does not receive such an opinion, then any such proposed supplement or amendment shall require the consent of Issuers representing not less than 51 percent of the then outstanding principal amount of the Pension Bonds.

Before the Trustee and the Issuers enter into any Supplemental Trust Agreement, an opinion of Special Counsel is required to be delivered to the Trustee stating that such supplemental trust agreement is authorized or permitted by the Trust Agreement, complies with its terms, and will be valid and binding upon the Trustee and the Issuers in accordance with its terms.

Issuers representing 51 percent or more of the then outstanding Principal amount of Pension Bonds and the Trustee may amend the Trust Agreement for purposes not described in (1) through (6) above only with the consent of the Owners of not less than 51 percent in aggregate principal amount of the Obligations then Outstanding.

The consent of all affected Owners of all the Obligations then Outstanding is required for:

- (1) a change in the terms of the payment or prepayment of any portion of the Pension Bond Payments, or
- (2) the creation of a claim or lien upon, or a pledge of the Trust Estate ranking prior to or (except as expressly permitted in the Trust Agreement or Pension Bonds) on a parity with the claim, lien or pledge created by the Trust Agreement, or
- (3) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or
- (4) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental trust agreement or which is required for any modification, alteration, amendment or supplement to the Pension Bonds.

ANY AMENDMENT OR SUPPLEMENT TO THE TRUST AGREEMENT OR ANY OTHER PRINCIPAL FINANCING DOCUMENTS SHALL BE SUBJECT TO THE PRIOR WRITTEN CONSENT OF FINANCIAL GUARANTY AS SET FORTH IN THE TRUST AGREEMENT.

Municipal Bond Insurance

Concurrently with the issuance of the Obligations, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy (the "Policy") for the Obligations described in the Policy (as used under the heading, the "Obligations"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Obligations which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Obligations (the "Issuer"). Financial Guaranty will make such payments to U.S. Bank National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal or accreted value (if applicable) and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Obligations or the Trustee of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Obligation to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Obligation includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Obligation which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Obligations. The Policy covers failure to pay principal or accreted value (if applicable) of the Obligations on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Obligations may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Obligations are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuers are required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Obligations and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Obligations (see "Ratings" herein).

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2002, the total capital and surplus of Financial Guaranty was approximately \$978 million. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

Ratings

As noted on the cover page of this Official Statement, the Obligations received an "AA-" underlying rating and "AAA" insured rating from Standard and Poor's with the understanding that, upon delivery of the Obligations, an insurance policy will be issued by Financial Guaranty with respect to the Obligations. The ratings reflect only the views of the rating agency and an explanation of the significance of the ratings may be obtained from the rating agency. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

The Issuers

General

Community college districts are municipal corporations established pursuant to Oregon Revised Statutes Chapter 341. There is currently no mechanism in the Oregon Revised Statutes or State Constitution for an Oregon community college district to dissolve.

Community Colleges are educational institutions offering broad, comprehensive programs in academic as well as professional technical subjects. They provide two-year programs for some and serve to provide as transitional training for those who continue college work elsewhere. Community colleges also provide professional technical training to allow attainment of new skills as demands for old skills and old occupations are supplanted by new technologies.

Community colleges are governed by boards of education whose members are elected on a district-wide basis for staggered four-year terms of office. The board of education has the oversight, responsibility and control over all activities related to the community college. A board-appointed budget committee works in conjunction with the board of education in each college's budget process.

The community colleges are subject to supervision by the State. The State Board of Education, a group of seven people appointed by the governor, is responsible for coordinating the community college program of the State and has general supervisory responsibilities for that program. The State Board of Education prepares estimates and makes the request for legislative appropriations for a reasonable and consistent basis of support and establishes standards for the distribution of that support. The administrative functions of the State Board of Education are handled through the Oregon Department of Community Colleges and Workforce Development, whose executive head is the Commissioner for Community College Services appointed under ORS 326.

Students

The following table shows the full-time equivalent student enrollment for each of the Issuers.

**Oregon Community College Districts
Full-Time Equivalent Student Enrollment**

College	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
Central Oregon	2,761.80	2,809.57	2,864.93	2,925.05	3,198.18	3,849.35	3,837.37	3,754.12	3,971.70
Chemeketa	10,593.06	10,163.04	10,090.90	10,852.80	10,428.85	10,523.21	11,070.65	11,201.91	11,471.17
Columbia Gorge	564.14	541.34	590.34	637.38	657.88	706.15	708.65	803.11	874.40
Lane	12,010.95	11,544.89	11,464.40	11,338.60	11,474.75	11,299.40	11,709.68	12,157.07	12,694.05
Mt. Hood	7,664.55	6,916.74	6,882.00	7,152.18	7,400.14	8,266.30	8,892.82	9,526.36	9,476.40
Treasure Valley	1,485.86	1,402.94	1,633.34	1,863.58	2,018.28	2,018.63	1,931.16	1,748.09	1,724.74

Source: Oregon Community College Workforce and Development, Commissioners 2003 -05 Proposal, January 2003

Real Market Value

A summary of each Issuer's real market value of property within the college district boundaries is summarized in the following table.

**Oregon Community College Districts
Real Market Property Value - 2002-2003**

Issuer	2002-03 Real Market Value
1. Central Oregon Community College	\$17,647,023,925
2. Chemeketa Community College	24,894,440,986
3. Columbia Gorge Community College	3,237,229,731
4. Lane Community College	23,349,685,837
5. Mt. Hood Community College	20,737,378,932
6. Treasure Valley Community College	1,697,594,790

Sources for Real Market Values: County assessors offices in which the Issuers' districts lie.

State Funding, Property Taxes and Other Revenue Sources

Community College District Funding

Community colleges derive revenue from three primary sources: State aid, ad valorem property taxes, and tuition and fees. On average, State funding represents 49 percent of community college funding for all of Oregon's community colleges combined; property taxes represent 23 percent of community college funding; and tuition and fees represent 28 percent. These percentages are averages and may vary widely from college to college.

State of Oregon Community Colleges Funding

The largest portion of revenue for community college districts is derived from State revenues, which is based on a funding formula. The State Legislature, which meets on a biennial basis, is charged with determining the amount of education funding. The State Board of Education establishes the allocation formula, which is subject to change. The current formula allocates revenues to community college districts based on the weighted average full-time equivalent ("WFTE") student for each community college district.

State Funding Formula. Community College Support Funds (State support) are distributed through a funding formula contained in Oregon Administrative Rules 589-002-0100. The current formula steps follow:

- (1) The formula starts by including one-half of the State revenue support appropriated for community colleges in a given biennium by the Legislature (i.e., the amount allocated for one fiscal year, rather than both fiscal years) and then subtracts the cost of certain line-item investments, such as service to students outside of districts, newly annexed areas, or other items directed by the Legislature, to be distributed outside the formula (the net amount is referred to as "State Formula Resources").
- (2) One-half of locally generated property taxes are added to the State Resources described above. The total funds available for distribution through the funding formula are referred to as "Total Formula Resources". Local option and capital construction bond levies are excluded from the Total Formula Resources.
- (3) Total Formula Resources are distributed to individual community colleges based on a specific dollar amount for each WFTE student. Five-hundred and ten clock hours of coursework equals one student deemed to be enrolled on a full-time equivalent basis (student full-time equivalent or "SFTE"). WFTE consists of 40 percent of SFTE from the first year prior to the funding year and 30 percent of the SFTE from each of the second and third years prior to the funding year.
- (4) The State projected that each college would receive a base payment of \$589 per WFTE up to and including 1,100 WFTEs for fiscal year 2002-03. The base payment for each college is subject to adjustments according to the size of the college, providing colleges with lower weighted average enrollment with higher base payment adjustments. The amount necessary to fund the base payment is subtracted from the Formula Resources prior to distributing the funds on a WFTE basis.
- (5) The remaining Formula Resources are divided by total WFTE. This amount is then multiplied by the individual college's WFTE to project its share of Formula Resources. Certain "gap" rules may reallocate a portion of these funds to smooth the impact of large changes in state support from one year to the next on an individual college. This amount is referred to as the "formula distribution amount".
- (6) Each college's State support is then determined by subtracting out one-half of its property taxes. Individual colleges receive property taxes directly (see "State Funding, Property Taxes and Other Revenue Sources - Property Taxes" herein). Community colleges with higher property taxes per WFTE receive less State funding than those with lower property taxes under the State funding formula.

The following table shows the calculation of State revenue for Oregon's community colleges:

**Oregon Community College Districts
Calculation of Amount Available per FTE**

	2001-2003 Biennium		Projected 2003-2005 Biennium	
	2001-2002	2002-2003	2003-2004	2004-2005
Yearly Formula Resources:				
Total State Formula Resources	\$220,270,037	\$204,965,137	\$199,271,970	\$199,271,970
Property Taxes @ 50%	\$46,041,683	\$48,088,238	\$49,664,206	\$51,899,095
Total Formula Resources	\$266,311,719	\$253,053,375	\$248,936,175	\$251,171,064
Total Amount for Base	\$8,993,144	\$10,832,203	\$11,352,920	\$11,743,759
Available for FTE Distribution	\$257,318,575	\$242,221,171	\$237,583,255	\$239,427,306
Amount Available per FTE	\$2,907	\$2,624	\$2,476	\$2,495

Sources: *Community College Support Fund Workbook, Oregon Department of Community Colleges and Workforce Development, February 27, 2003*

State Funding Formula - Recent Litigation and Proposed Legislation. Central Oregon Community College filed suit against the State, through the Board of Education, on December 10, 2002, seeking to have local property taxes excluded from the State's community college fund allocation formula. The college district contends that the Board of Education does not have authority to include local property taxes in an allocation formula designed to distribute State funds.

Subsequently, bills have been introduced in the Legislature that would prohibit or alternatively include in an allocation formula, all local property taxes received by community college districts. The Legislature is still in session and other bills may be introduced. There is no assurance that any bill introduced will be approved by the Legislature and signed by the Governor or that a bill will not be challenged.

House Bill 2656 ("HB 2656"), which was referred on February 21, 2003 to the House Revenue Committee with subsequent referral to the House Ways and Means Committee, would modify ORS 341.626 by prohibiting the Commissioner for Community College Services from taking into consideration the amount of local property taxes community colleges receive in determining the amount of State aid to be distributed to community college districts. A public hearing was held on HB 2656 on March 25, 2003. If HB 2656 is approved by the Legislature and signed by the Governor, it would become effective July 1, 2003 (see also State of Oregon Community Colleges Funding - State Funding Formula herein).

House Bill 3377 ("HB 3377") was introduced on March 12, 2003, referred on March 18, 2003 to the House Revenue Committee with subsequent referral to the House Ways and Means Committee and a public meeting was held to discuss HB 3377 on April 3, 2003. Like HB 2656, HB 3377 would modify ORS 341.626 by prohibiting consideration of the local property taxes community colleges receive in determining the amount of State aid to be distributed to community college districts. HB 3377 also sets minimum distributions of State aid (1% to each community college) and changes the State funding formula to distribute the remaining State aid based on full time equivalent students. If HB 3377 is approved by the Legislature and signed by the Governor, it would become effective July 1, 2003.

House Bill 3399 ("HB 3399"), which was referred to the House Revenue Committee with subsequent referral to the House Ways and Means Committee on March 18, 2003, directs the Commissioner for Community College Services to use all amounts received from local property taxes that result from the permanent tax rate for each community college in determining the amount of State aid to be distributed to community college districts. HB 3399 exempts local option taxes from the determination of State aid. HB 3399 has the opposite impact of HB 2656. A public hearing was held on April 3, 2003. If approved and signed by the Governor, HB 3399 would become effective July 1, 2003.

**Oregon Community College Districts
General Fund - State Revenue Received
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

District	30-Jun-02			30-Jun-01			30-Jun-00		
	State Sources	Total Revenue	State Sources as % of Total Revenues	State Sources	Total Revenue	State Sources as % of Total Revenues	State Sources	Total Revenue	State Sources as % of Total Revenues
1. Central Oregon Community College	\$ 7,912.5	\$ 20,960.3	37.75%	\$ 7,159.4	\$ 18,769.0	38.15%	\$ 6,606.8	\$ 16,713.7	39.53%
2. Chemeketa Community College	27,867.9	48,896.1	56.99%	26,736.6	46,283.5	57.77%	26,166.4	45,236.4	57.84%
3. Columbia Gorge Community College	2,261.0	3,787.7	59.69%	2,004.7	3,439.4	58.29%	1,887.6	3,103.4	60.83%
4. Lane Community College	30,632.9	64,389.2	47.57%	29,760.6	62,286.0	47.78%	29,255.8	60,603.9	48.27%
5. Mt. Hood Community College	21,829.2	41,322.2	52.83%	20,504.8	38,652.3	53.05%	18,638.8	36,252.3	51.41%
6. Treasure Valley Community College	5,711.1	10,545.6	54.16%	5,578.7	10,431.7	53.48%	5,387.7	9,706.4	55.51%

Source: Derived from Audited Financial Reports of the Issuers

Appropriations. The 2001 Legislature appropriated \$465,568,191 to the CCSF Fund for the purpose of funding general educational programs. Due to subsequent reductions in the State budget, the State Legislature reduced this appropriation by \$32,669,474 during special sessions in 2002. Monies in the CCSF Fund have historically been distributed in equal quarterly payments on August 15, October 15, January 15 and April 15 of each year. Payments are recalculated in December of each year as actual property tax revenues become available, prior year full-time equivalent enrollment numbers are finalized and any adjustments are made in the final two payments of the fiscal year. In order to reduce expenditures during the 2003 biennium, the Legislature deferred the April 15, 2003 disbursement to July 15, 2003.

The community college budget approved by the 2001 Legislature for the 2001-2003 biennium was for \$465,578,191. From the \$465,568,191 originally appropriated, certain reductions were made as summarized below:

2001-2003 State Appropriations - Community Colleges

Originally Budgeted CCSF Appropriation	Available for Distribution following Project Allocations and State Cuts	Current Revised Formula Distribution
\$465,568,191	\$425,235,173 ⁽¹⁾	\$369,234,657 ⁽²⁾

(1) Represents the original CCSF appropriation of \$465,568,191, less \$40,333,018. Deductions included \$7,663,544 for allocations to specific projects and \$32,669,474 in reductions to the State budget.

(2) An additional \$56,000,516 appropriated for the 2002-2003 fiscal year will be distributed on July 15, 2003, bringing the total CCSF formula distribution to \$369,234,657.

Source: Oregon Community College Workforce and Development, Commissioners 2003-05 Proposal, January 2003

The 2003 Legislative session commenced on January 13, 2003. The Governor released a proposed budget in January 2003 for the 2003-2005 biennium, which proposes a \$401,906,504 State appropriation to the CCSF Fund. This is a preliminary estimate and is likely to change during the Legislative session. An appropriation level of \$407,668,252, which appears in House Bill 5009 is also under discussion by the State Legislature.

State Funding and Intercept Payments. The Pension Bonds are secured, in part, by an Intercept Agreement under which an amount equal to the debt service on each Issuer's Pension Bond will be invoiced for diversion from the first State Education Revenues available for that Issuer by the Agency to the Trustee for the purposes of paying the principal and interest and any premium on the Pension Bonds.

Property Taxes

Receipts from property taxes are a major revenue source for community college districts.

The property tax is used by Oregon cities, counties, education districts and other special districts to raise revenue to cover a portion of the expense of government. Community college districts are authorized to seek voter approval for limited term levies, subject to certain tax limitations (see "Local Option Provisions" herein). For community college districts, the CCSF formula calculates revenue based on weighted average full time equivalent students and then subtracts half of the amount of such community college district's estimated local revenue (property tax receipts) to determine the amount of the CCSF grant.

**Oregon Community College Districts
General Fund - Local Property Tax Revenues
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

Issuer	30 Jun-02			30 Jun-01			30 Jun-00		
	Local Property Tax Revenue	Total Revenue	Tax Revenues as % of Total Revenues	Local Property Tax Revenue	Total Revenue	Tax Revenues as % of Total Revenues	Local Property Tax Revenue	Total Revenue	Tax Revenues as % of Total Revenues
1. Central Oregon Community College	\$ 7,075.8	\$ 20,960.3	33.76%	\$ 6,530.3	\$ 18,769.0	34.79%	\$ 6,041.6	\$ 16,713.7	36.15%
2. Chemeketa Community College	11,058.3	48,896.1	22.62%	10,456.9	46,283.5	22.59%	10,287.5	45,236.4	22.74%
3. Columbia Gorge Community College	310.1	3,787.7	8.19%	301.6	3,439.4	8.77%	290.3	3,103.4	9.36%
4. Lane Community College	10,992.7	64,389.2	17.07%	10,311.5	62,286.0	16.56%	9,958.8	60,603.9	16.43%
5. Mt. Hood Community College	7,320.7	41,322.2	17.72%	6,799.6	38,652.3	17.59%	6,501.6	36,252.3	17.93%
6. Treasure Valley Community College	1,692.4	10,545.6	16.05%	2,113.9	10,431.7	20.26%	1,759.7	9,706.4	18.13%

Source: Derived from Audited Financial Statements for the Issuers

Valuation of Property – Assessment. Article XI, Section 11 of the Oregon Constitution (“Article XI, Section 11”) outlines the State’s rate-based property tax system for all taxing districts and limits growth in annual assessed values. Beginning in fiscal year 1998-1999, Article XI, Section 11 reduced property taxes imposed statewide by approximately 17 percent from what would have been collected if not for the limitations imposed by Article XI, Section 11, and rolled back the “assessed value” of each unit of property for the tax year 1997-98 to its 1995-96 value, less ten percent. This new value was deemed the jurisdiction’s “assessed value”. After the resulting tax levy and assessed value were determined, a “permanent tax rate limit,” representing the product of dividing the reduced tax levy by the assessed value, was calculated for all taxing districts state-wide by the Oregon Department of Revenue. The permanent tax rate limits can not be increased.

The process of identifying and assigning a value to taxable property is termed “assessment.” Assessment of property is administered by the county assessors except for public utility property and certain classes of industrial property, which are assessed by the State Department of Revenue. Administrative and judicial remedies are available to property owners who disagree with assessments.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt in 1913), personal belongings, automobiles (exempt in 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation. Property used for charitable, religious, fraternal and governmental purposes has been exempt and reductions in assessments have been granted (upon application) for veterans’ homesteads, farm and forest land, open space and historic buildings. The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Certain properties, such as utilities, are valued on the unitary valuation approach (ORS 308.505-308.665). Under the unitary valuation approach, the taxpaying entity’s operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities’ operations in Oregon, then to each county the entity operates in, and finally to site locations.

Article XI, Section 11 generally limits increases in the assessed value of each property to three percent per year for tax years after 1997-98. However, assessed value may be increased beyond three percent when property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is given an assessed value that is comparable to the assessed value of similar property with the same market value.

In combination with the permanent tax rate, the limitation on the growth in assessed value limits the growth of taxes on individual properties to no more than an average of three percent per year (excluding exempt levies – see below).

Special Voter Approval Requirement for New Property Tax Levies. New property tax levies for general obligation bonds, local option levies and other purposes must be approved at a general election in an even-numbered year, or at another election at which a majority of voters cast ballots.

Exempt Bonded Indebtedness. Property taxes to pay bonds issued as general obligation bonds (or bonds to refund them) prior to 1990, or in accordance with the capital construction and improvement definitions in Article XI, Section 11, are in addition to the permanent tax rate and exempt from Real Market Value tax rate limitations pursuant to Article XI, Section 11b of the Oregon Constitution. Taxes imposed to pay principal of and interest on bonded indebtedness are not subject to constitutional limits, provided such bonds are (1) authorized by a specific provision of the Oregon Constitution, or (2) incurred for capital construction or capital improvements and approved by the voters in accordance with applicable

voting requirements. The Pension Bonds and the Obligations are not "exempt bonded indebtedness" and are subject to the limitations of Article XI, Section 11b of the Oregon Constitution.

Tax Rate Limitation - Real Market Value. ORS 310.150 separates taxes imposed upon property into three categories: one to fund the public school system and community colleges, one to fund government operations other than the public school system, and one to fund exempt bonded indebtedness. Combined property tax rates for non-school government operations are limited to \$10.00 per \$1,000 of Real Market Value per county-assigned tax code area. "Real Market Value" is the minimum amount in cash which could reasonably be expected to be paid by an informed buyer to an informed seller, each acting without compulsion in an arms length transaction occurring as of the assessment date and which is reported annually by county assessors. Similarly, combined property tax rates for the education system are limited to \$5 per \$1,000 RMV for each tax code area. The State funding formula deducts half of the local property taxes collected by each community college, so to the extent such property tax limitation reduces the amount of property taxes collected, the State funding formula offsets a portion of such loss incurred by the Issuers (see "State of Oregon Community Colleges Funding" herein).

Local Option Provisions. Local governments (including community colleges and school districts, but excluding education service districts) are authorized to ask voters for limited term levies outside the limits of Article XI, Section 11, but subject to the limits of Article XI, Section 11b, assuming the levy is approved by voters. Local option taxes for community colleges may not, pursuant to ORS 280.057, exceed the amount of reduction in ad valorem property taxes caused by the implementation of tax limitations set forth in Section 11, Article XI of the Oregon Constitution (see "Valuation of Property - Assessment" herein).

Currently, none of the Issuers has a local option levy or plans to seek voter approval for a local option levy.

Tax Levy. The process of ascertaining and declaring the amount of taxes to be raised from taxpayers is termed "certifying the levy." Authority to levy property taxes is vested with the governing body of each local government unit. The governing body determines the levy annually before July 15 as part of the budget process. Annual budgets for local units are based on a fiscal year that begins on July 1 and ends the following June 30. Constitutional and statutory provisions limit the amount that a governing body may levy.

Property Tax Collections. The county assessor delivers the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. Oregon Revised Statutes Chapter 311 requires that all tax levy revenues collected by a county for all taxing units within the county be placed in an unsegregated pool, and each taxing unit shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing units within the county. As a result, the tax collection record of each taxing unit is a pro-rata share of the total tax collection record of all taxing units within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the fifteenth of November, February and May of the same fiscal year. Discounts are allowed where partial or full prepayment of taxes is made, as follows: (a) A property owner who pays at least two-thirds of the taxes due, but less than the total, on or before November 15 will receive a two percent discount of such taxes paid on or before November 15; or (b) A property owner who pays the total taxes due, on or before November 15, will receive a three percent discount of total taxes due.

For late payments, interest accrues after each payment due date at the rate of sixteen percent per year. The method of giving notice of taxes due, the County Treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all covered by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows homeowners to defer taxes until death or sale of the home. New applicants must be at least 62 years old and have a household income under \$27,500, so long as their adjusted gross income does not exceed \$32,000 (limits are adjusted annually according to the consumer price index). Taxes are paid by the State, and the State obtains a lien on the property and accrues six percent simple interest per year. A similar program is offered for Disability Tax Deferral (HB 2901, effective January 1, 2001), which does not have an age limitation.

**Percentages of Taxes Collected - Year of the Levy
(As of June 30)**

County	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Baker ⁽⁶⁾	94.80%	94.99%	95.40%	95.67%	94.83%	94.48
Benton County ⁽⁴⁾	97.31	97.40	97.13	97.19	96.80	96.75
Clackamas County ⁽⁵⁾	93.59	93.89	93.83	93.55	93.23	93.39
Crook County ⁽¹⁾	92.48	93.35	94.17	94.16	93.63	94.16
Deschutes County ⁽¹⁾	94.90	95.02	95.88	96.04	95.99	96.39
Douglas County ⁽⁴⁾	93.47	93.43	93.65	93.59	93.90	94.15
Hood River County ^(3,5)	95.19	94.99	95.96	96.48	96.35	95.98
Jefferson County ⁽¹⁾	94.49	94.42	95.19	95.18	95.16	94.46
Klamath County ⁽¹⁾	91.93	92.22	92.30	93.25	92.92	93.70
Lake County ⁽¹⁾	91.00	92.55	92.34	93.44	93.03	92.20
Lane County ⁽⁴⁾	95.81	95.91	95.89	95.69	95.73	95.90
Linn County ⁽²⁾⁽⁴⁾	94.89	97.98	95.10	94.80	94.21	94.86
Malheur County ⁽⁶⁾	94.67	94.91	95.20	95.71	95.64	95.83
Marion County ⁽²⁾	96.20	96.22	95.45	95.35	95.24	95.24
Multnomah County ⁽⁵⁾	96.75	96.69	96.89	96.56	95.92	96.46
Polk County ⁽²⁾	95.03	95.11	95.19	95.13	94.97	95.35
Wasco County ⁽¹⁾⁽³⁾	95.60	95.43	95.70	95.57	95.42	95.29
Yamhill County ⁽²⁾	95.46	95.16	95.29	95.16	94.86	94.64

Footnotes for the counties in the table above indicate that the following Issuers are all or partially located within such county:

- (1) Central Oregon Community College
- (2) Chemeketa Community College
- (3) Columbia Gorge Community College
- (4) Lane Community College
- (5) Mt. Hood Community College
- (6) Treasure Valley Community College

NOTE: Percentage of total Tax Levy. Pre-payment discounts are considered to be collected when outstanding taxes are calculated.

Sources: County Tax Collectors

Strategic Investments Program. The Strategic Investments Program ("SIP") was authorized by the Legislature in 1993 to provide tax incentives for capital intensive investments by firms in Oregon's key industries, particularly in the high technology and metals industries. SIP recipients receive a abatement on the assessed value of new construction over \$100 million for 15 years. The \$100 million cap on assessed value increases by three percent per year. SIP recipients pay an annual Community Service Fee which is equal to one-fourth of the value of the abatement and which is allocated to local governments. Allocation is determined by negotiation with the local governments. The Community Service Fee is not considered a property tax and thus is outside of the Constitutional property tax rate limitations. LSI Logic and Microchip (formerly Fujitsu), which are located in the City of Gresham, Multnomah County, and are within the boundaries of Mt. Hood Community College, received a tax abatement through the SIP.

Tuition and Fees

Community colleges prescribe and collect tuition as authorized in ORS 341.021(2)(b) and ORS 341.290(7). There are no statutory or Oregon Administrative Rule limitations on tuition rates charged by community colleges. The amount and rates associated with tuition for community colleges varies. Tuition rates for students also vary, depending on whether the student is a resident within the district, out-of-district or out-of-state and may be set by each college.

Tuition rates per term for the 2001-02 fiscal year follow:

**Oregon Community Colleges
Tuition Rates Per Term
2001-2002**

College	In-District		Out-of-District		Out-of-State	
	Per Credit Hour	Full Time ⁽¹⁾	Per Credit Hour	Full Time ⁽¹⁾	Per Credit Hour	Full Time ⁽¹⁾
1. Central Oregon	\$43	\$645	\$55	\$825	\$154	\$2,310
2. Chemeketa	39	585	39	585	135	2,025
3. Columbia Gorge	42	630	42	630	42	630
4. Lane	38	570	38	570	130	1,950
5. Mt. Hood	39	585	39	585	135	2,025
6. Treasure Valley	44	660	44	660	55	825
Average of all Community Colleges	\$40	\$605	\$41	\$615	\$104	\$1,567

(1) 15 Credit Hours.

Source: Oregon Department of Community Colleges and Workforce Development, February 2003

**Oregon Community College Districts
General Fund - Tuition and Fees Received
(As of Fiscal Years 2000 through 2002)
(\$000 omitted)**

Issuer	30-Jun-02			30-Jun-01			30-Jun-00		
	Tuition and Fees	Total Revenue	Tuition and Fees as % of Total Revenues	Tuition and Fees	Total Revenue	Tuition and Fees as % of Total Revenues	Tuition and Fees	Total Revenue	Tuition and Fees as % of Total Revenues
1. Central Oregon Community College	\$ 5,780.0	\$ 20,960.3	27.58%	\$ 4,814.5	\$ 18,769.0	25.65%	\$ 3,782.0	\$ 16,713.7	22.63%
2. Chemeketa Community College	8,258.9	48,896.1	16.89%	7,428.1	46,283.5	16.05%	6,837.5	45,236.4	15.12%
3. Columbia Gorge Community College	1,087.4	3,787.7	28.71%	935.7	3,439.4	27.21%	737.1	3,103.4	23.75%
4. Lane Community College	17,332.5	64,389.2	26.92%	16,336.3	62,286.0	26.23%	15,910.3	60,603.9	26.25%
5. Mt. Hood Community College	10,578.5	41,322.2	25.60%	9,560.3	38,652.3	24.73%	8,939.6	36,252.3	24.66%
6. Treasure Valley Community College	3,104.4	10,545.6	29.44%	2,704.1	10,431.7	25.92%	2,559.0	9,706.4	26.36%

Source: Derived from Audited Financial Statements for the Issuers

Community College Districts - Financial Factors

Accounting Policies

Fund Accounting. The accounts of the Issuers are organized on the basis of funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are grouped into governmental funds.

Governmental Funds

General Fund. This fund is used to account for all expendable financial resources, except those required to be accounted for in another fund.

Debt Service Fund. This fund is used to account for revenue sources that are legally restricted for the payment of general long-term debt principal, interest and related expenditures.

Financial Reporting

The financial statements of the Issuers are prepared in accordance with State law. In addition to presenting the financial position, results of operations, and changes in financial position of the Issuers' funds, the financial statement reconciles differences in reporting activities between the budgetary basis, as presented in the annual approved budget, and the basis used in the preparation of the financial report.

Independent Audit Requirement

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, Oregon Revised Statutes 297.405 to 297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations. ORS 341.709 requires that the audit statements for each community college must be filed with the administrative office for the district on or before December 31 of the year in which the audit is conducted.

The Issuers' audited financial statements as of June 30, 2002 all featured clean opinions from their respective auditors.

The audited financial statements of each Issuer as of June 30, 2002, are filed with the four nationally recognized municipal securities information repositories ("NRMSIR") and are incorporated herein by reference. The June 30, 2002 and future financial statements may be ordered by contacting the individual NRMSIRs at the addresses below.

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: 609-279-3225
FAX: 609-279-5962
E-Mail: Muris@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: 201-346-0701
FAX: 201-947-0107
E-Mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: 212-771-6999
FAX: 212-771-771-7391
E-Mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: 212-438-4595
FAX: 212-438-3975
E-Mail: nrmsir_repository@sandp.com

Investment Policy

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board.

Municipalities are also authorized to invest roughly \$32 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. Currently, the State's investment portfolios are not leveraged and do not contain any derivative products.

A four-year summary of the Issuers' General Fund Statement of Revenues, Expenditures and Changes in Fund Balance follows.

Oregon Community College Districts
Summary General Fund Financial Information
(As of June 30, 2000 through 2003)
(Dollars in Thousands)

District	Estimated June 30, 2003		June 30, 2002		June 30, 2001		June 30, 2000	
	Total Revenue	Total Ending Fund Balance(1)	Total Revenue	Total Ending Fund Balance	Total Revenue	Total Ending Fund Balance	Total Revenue	Total Ending Fund Balance
1. Central Oregon	\$20,510.0	\$800.0	\$20,960.3	\$3,252.4	\$18,769.0	\$2,795.3	\$16,713.7	\$2,464.1
2. Chemeketa	53,625.0	5,675.0	48,896.1	7,396.7	46,283.5	5,516.7	45,236.4	5,443.8
3. Columbia Gorge	5,000.2	1,445.8	3,787.7	1,565.1	3,439.4	1,463.3	3,103.4	1,299.4
4. Lane	65,150.7	6,574.7	64,389.2	8,004.3	62,286.0	9,864.9	60,603.9	10,273.1
5. Mt. Hood	42,228.0	1,818.0	41,322.2	1,151.9	38,652.3	1,480.4	36,252.3	3,054.3
6. Treasure Valley	11,735.9	913.6	10,545.6	954.6	10,431.7	1,201.3	9,706.4	935.7

(1) In order to reduce expenditures during the 2003 biennium, the Legislature deferred the April 15, 2003 disbursement to July 15, 2003 (see "State of Oregon Community College Funding - Appropriations" herein).

Sources: Issuers' Audited Financial Statements for the fiscal years that ended June 30, 2000 through 2002 and current district estimates from the Issuers' finance staff for the fiscal year that ended June 30, 2003.

Budgetary Process and Controls

Each Issuer is required to prepare an annual budget in accordance with the Oregon Local Budget Law. Chapter 294 of the Oregon Revised Statutes establishes standard procedures for all budget functions for all Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

Each Issuer's administrative staff evaluates the budget requests of its various departments to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee. After giving due consideration to the input received from the citizens, each Issuer's Board of Directors adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted not later than June 30 of each fiscal year.

Issuers' General Fund accounts for all revenues and expenditures of the Issuers that are not accounted for in other funds. The General Fund is accounted for on the modified accrual basis of accounting for most local governments. Under the modified accrual basis of accounting, revenues are recognized in the General Fund when they become measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

Most of the Issuers' essential services are provided from the General Fund.

An Issuer's budget may be amended during the applicable fiscal year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the each Issuer's Board of Directors pursuant to ORS 294.480.

Each Issuer's 2002-03 budget was adopted by June 30, 2002. Given subsequent reductions in State funding, budgets were revised and tuition raised. The Issuers cannot predict the extent of future budget cuts resulting from the State budget situation at this time or whether these cuts will have a materially adverse effect on their ability to make Pension Bond Payments. Issuers have made cuts due to reduction and deferral of State revenues.

**Oregon Community College Districts
Adopted Budget
2002-2003 General Fund Summary
(Dollars in Thousands)**

Issuer	Resources					Expenditures						
	Local Sources	State Sources	Federal Sources	Tuition and Fees	Beginning Fund Balance and Other	Total Resources	Instruction and Instr. Support	Student Services and College Support	Campus Oper. and Maint.	Transfers and Other	Cont. and Unappr. Ending Fund Balance	Total Expend.
1. Central Oregon Community College	\$7,173.0	\$7,555.0	\$38.0	\$6,244.0	\$2,812.2	\$23,822.2	\$12,373.0	\$4,815.0	\$2,639.1	\$1,581.4	\$2,413.7	\$23,822.2
2. Chemeketa Community College	11,350.0	26,500.0	0.0	8,650.0	8,750.0	55,250.0	29,816.7	14,072.4	4,134.4	2,976.5	4,250.0	55,250.0
3. Columbia Gorge Community College	577.2	2,817.7	85.3	15.5	1,811.1	6,606.7	2,667.1	1,740.4	745.9	296.3	1,157.1	6,606.7
4. Lane Community College	11,510.0	29,699.8	213.5	19,792.0	8,382.2	69,597.5	35,705.6	16,537.9	6,292.0	465.0	10,597.0	69,597.5
5. Mt. Hood Community College	7,720.0	22,814.0	0.01	2,475.0	3,242.0	46,251.0	31,757.2	7,398.4	4,401.6	1,277.5	1,416.4	46,251.0
6. Treasure Valley Community College	2,033.7	5,348.3	37.53	10.4	1,015.0	12,344.9	5,345.0	3,286.7	1,485.1	1,288.1	940.0	12,344.9

Sources: Adopted 2002-2003 Budget for each Issuer

Indebtedness

Obligation to Pay

Once created, Oregon community colleges exist in perpetuity (see "The Issuers - General" herein). Debt incurred by a community college district becomes the obligation of such community college district to pay. In the case that a community college district no longer has students and no longer provides educational services, it is still required to levy and collect property taxes, up to its permanent rate (see "State Funding, Property Taxes and Other Revenue Sources - Property Taxes" herein) to pay its debt obligations.

Debt Capacity

Pension Bonds. Under ORS 238.694(2) there are no restrictions on the amount of debt the Issuers may incur for payment of unfunded actuarial pension liabilities, so long as the Issuers have sufficient resources available to them within the limitations of Article XI, Section 11. Although Districts are currently financing their UALs with PERS through increased annual payroll rates, no District currently has outstanding Pension Bonds issued under this statute.

The Pension Bonds are being issued as limited tax obligations. As such, they are payable from existing resources. Following is a table that includes all such indebtedness, principal and interest, of each of the Issuers.

**Oregon Community College Districts
Outstanding Limited Tax Obligations - Principal and Interest Due
(As of June 30, 2002, plus the Pension Bonds as of April 23, 2003)**

Issuer	Limited Tax Obligations ⁽¹⁾	Total Debt Service on Pension Bonds ⁽²⁾	Total Limited Tax General Fund Debt
1 Central Oregon	\$ 18,096,580	\$ 25,256,110	\$ 43,352,690
2 Chemeketa	3,342,778	55,128,752	58,471,530
3 Columbia Gorge	194,509	7,658,721	7,853,230
4 Lane	3,755,296	112,374,253	116,129,549
5 Mt. Hood	8,442,060	109,763,373	118,205,433
6 Treasure Valley	4,684,468	23,419,650	28,104,117
Total	\$ 38,515,691	\$ 333,600,860	\$ 372,116,550

NOTE: Amount represents total debt service (principal and interest) payments due.

- (1) Limited Tax Obligations represent non-voter approved debt that has a full faith and credit obligation pledge. Amount represents total principal and interest payments due. *Source: Derived from the Audited Financial Reports as of June 30, 2002 of each Issuer.*
- (2) Detailed debt service schedules for each Issuer are attached hereto as Appendix E.

General Obligation Bonds. ORS 341.675 establishes a parameter of general obligation bonded indebtedness for community college districts. Community colleges may, subject to approval by voters within the community college district, issue bonds for college buildings, property acquisition and improvements, refunding outstanding debt and costs associated with bond issuance. Community colleges may issue up to an aggregate amount up to 1.5 percent of all taxable properties within the district. None of the Issuers has exceeded its statutory debt capacity.

Oregon Community College Districts
General Obligation Bonds - Outstanding Principal Balance
(As of June 30, 2002)

	Issuer	2002-03 Real Market Value	Statutory Debt Capacity	Principal Balance on General Obligation Bonds
1.	Central Oregon Community College	\$17,647,023,925	\$264,705,359	\$ 9,645,000
2.	Chemeketa Community College	24,894,440,986	373,416,615	31,460,000
3.	Columbia Gorge Community College	3,237,229,731	48,558,446	6,075,000
4.	Lane Community College	23,349,685,837	350,245,288	29,715,000
5.	Mt. Hood Community College	20,737,378,932	311,060,684	920,000
6.	Treasure Valley Community College	1,697,594,790	25,463,922	0

Sources for Real Market Values: County assessors offices in which the Issuers' districts lie.

Sources for General Obligation Bond Amounts: Derived from Audited Financial Statements of each Issuer as of June 30, 2002

Debt Payment Record

During the past ten years, each Issuer has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. None of the Issuers has issued refunding bonds for the purpose of preventing a default.

Future Debt Plans

General Obligation Bonds. None of the other Issuers currently have plans to issue additional debt in the remainder of this calendar year.

Tax and Revenue Anticipation Notes. Lane Community College is considering issuing up to \$4 million of notes later this year.

Oregon Public Employees Retirement System

Pension System

The Oregon Public Employees Retirement System collects contributions from both employers and employees for the purpose of funding retirement benefits. The system is administered by the Oregon Public Employees' Retirement Board.

Employee contributions and employer contributions are collected and used to fund a pension retirement allowance. Such pensions are paid exclusively out of interest and principal accumulations from member and employer contributions.

Membership. To establish membership in PERS, a person must work for six months in a qualifying position for a participating employer. The system at June 30, 2002 covered approximately 215,787 state and local government Oregon employees and 86,082 retired employee-beneficiaries ("members").

Members are categorized as either Tier One Members or Tier Two Members. Tier One Members are those members who joined the PERS system prior to January 1, 1996. Tier Two Members are those members who established membership on or after January 1, 1996. Tier Two Members are eligible for a lower benefit structure than is available to Tier One Members.

Member Census Data
State Agencies and Community Colleges
Comparison of Member Census as of December 31, 2000 and 2001

	Membership as of December 31, 2001			2000
	Tier One	Tier Two	Totals	Totals
<i>Current Active Members with Employer</i>				
General Service	27,378	16,533	43,911	43,484
Police & Fire	<u>2,796</u>	<u>2,255</u>	<u>5,051</u>	<u>4,992</u>
Total Active	30,174	18,788	48,962	48,476
<i>Current Active Members with Previous Service Segment with Employer</i>				
General Service	14,814	1,607	16,421	15,960
Police & Fire	<u>710</u>	<u>211</u>	<u>921</u>	<u>773</u>
Total Other Active	15,524	1,818	17,342	16,733
<i>Inactive Members with Previous Service Segment with Employer</i>				
General Service	15,472	6,577	22,049	20,970
Police & Fire	<u>461</u>	<u>507</u>	<u>968</u>	<u>845</u>
Total Inactive	15,933	7,084	23,017	21,815
<i>Retired Members and Beneficiaries With Service Segment with Employer</i>				
General Service	35,355	140	35,495	33,664
Police & Fire	<u>2,481</u>	<u>22</u>	<u>2,503</u>	<u>2,346</u>
Total Retired	37,836	162	37,998	36,010
Grand Total Number of Members	<u>99,467</u>	<u>27,850</u>	<u>127,319</u>	<u>123,034</u>

Source: Milliman USA letter dated January 21, 2003, regarding 2001 Actuarial Valuation - State Agencies and Community Colleges.

Retirement Allowance. The PERS retirement allowance is payable monthly for life or may be paid in a lump sum consisting of member contributions and interest plus an equal amount provided by employer contributions in one lump sum payment or in up to five annual installments. A member may select from 12 retirement benefit options which include survivorship benefits and lump sum refunds. The basic benefit is based on a formula using years of service and final average salary, pension plus annuity, or a match of accumulated employee contributions and earnings, whichever yields the highest benefit. Benefits for members are reduced if covered employees retire prior to specified plan ages. Employee contributions may be invested in an account with a mix of investments (the "Regular Account") or in a variable annuity account (the "Variable Account") in which 100 percent of assets are invested in U.S. equities (see "Unfunded Actuarial Liability - Retirement and Investment Options" below).

Tier One members are guaranteed to receive at least the assumed earnings rate on assets in the Regular Account used in the most recent actuarial valuation (currently 8 percent); members participating in the Variable Account option and Tier Two members receive actual earnings or losses. Any potential reductions in employer contribution rates from implementation of Tier Two will not be realized in full until turnover has occurred such that Tier Two Members replace Tier One Members.

An employee may elect to have 25, 50 or 75 percent of his or her contributions placed into the Variable Account. Money in the Variable Account may be invested by the Oregon Investment Council in any investment authorized for the PERS system, but it is to be directed primarily to equity investments. At retirement, an employee may elect to receive a variable annuity with the funds accumulated in his or her variable account. The variable annuity portion of the benefit is thus increased or decreased annually to reflect investment gains or losses of the variable annuity portfolio. Alternatively, the employee may elect to have all variable funds in his or her account transferred to the Regular Account and receive an annuity from the Regular Account. No subsequent changes after retirement are made; however, there is an annual cost of living adjustment of up to 2 percent, based on the consumer price index, for both the Regular Account and the Variable Account.

Actuarial Review. Under ORS Chapter 238, the system's pension program must be reviewed on an actuarial basis at least every two years. For the purposes of actuarial computation under ORS 237.081(1), all school districts are regarded as constituting one employer. Until 2000, State agencies and community colleges were also considered one employer. Local governments as of January 1, 2002 were allowed to join the State and community college pool or remain independent. Legislation currently under consideration may affect the rates shown below, and may cause future Board revisions (see "Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

The following table shows the system-wide employer contribution rates, as a percentage of members' salaries.

**Representative Employer Contribution Rates
Stated as a Percentage of Covered Payroll**

	2001 ⁽¹⁾	1999 ⁽²⁾	Change from 1999 Rates to 2001 Rates
School Districts	18.58%	12.73%	5.85%
State Agencies and Community Colleges	17.64	9.49	8.15
State Judiciary	19.69	10.79	8.90

- (1) Rates adopted by PERS Board on February 11, 2003, which become effective on July 1, 2003. Data reflects the anticipated impacts of "asset smoothing" techniques in which approximately 25 percent of a given year's gains or losses are realized each year.
- (2) Rates currently in place are those presented in the 1999 valuation and subsequently revised. Current rates will be in effect through June 30, 2003.

Sources: Oregon Public Employees Retirement System, December 31, 2001 Actuarial Valuation,
<http://www.pers.state.or.us/NewsRelease/NewsReleasePDFfiles/erratesCorrected.pdf>

Contribution Rates. PERS members are currently required to contribute 6 percent of their annual covered salary. Employers are required to contribute an actuarially determined rate that is established and may be amended by the Public Employees Retirement Board and is set to be sufficient to pay benefits when due. Employer contributions are calculated by the actuary, appointed by the PERS Board and are required to be reported in conformance with GASB Statement No. 27.

At its February 25, 2003 meeting, the PERS Board directed its actuary to prepare revised employer rates to reflect HB 2001A, any other relevant legislation passed by the House, Senate and signed into law by the Governor on or before May 1, 2003, and any relevant PERS Board rules adopted on or before May 1, 2003 for the PERS Board to consider adopting at its June 10, 2003 meeting (see "Current and Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

Unfunded Actuarial Liability. Jurisdictions with a UAL with PERS are those employers where the present value of the benefit obligations to employees is greater than the existing assets available to pay those benefits. In a report prepared by PERS titled "FAQs: PERS Issues" dated January 2003 (the "PERS Report"), PERS estimated that the market value of system-wide pension fund assets as of December 31, 2001 was \$9.7 billion and that based on the market value of assets as of October 2002, PERS' estimated UAL had increased to approximately \$15 billion. PERS has reported that over the past few years, estimates of these amounts have been affected by the following factors:

- **Taxation of Retirement Benefits.** Historically, PERS pension income had been exempt from State of Oregon income taxation. Following a 1989 ruling by the U.S. Supreme Court that states could not tax federal and state retirees differently, the 1991 Oregon Legislature made PERS benefits subject to state income tax. In 1991, however, the Oregon Supreme Court ruled that benefits for service after the date of the law (September 29, 1991) could be taxed, but benefits for service performed before that date could be taxed only if a "remedy" was provided. To compensate for Oregon personal income taxation of retirement benefits, the 1995 Legislature passed HB 3349, which provided a maximum 9.89 percent benefit increase on benefits earned before October 1991. Beginning in fiscal year 1999-2000, PERS began passing these costs on to employers.
- **Retirement and Investment Options.**
Money Match. Permitted investment options for employer and employee pension contributions, combined with options available to calculate an employee's retirement benefit, have also contributed to the UAL. PERS selects the method for which an employee is eligible and which produces the highest benefit to determine the retirement benefit. In the late 1990's, strong investment performance had resulted in more employees retiring under an option known as "Money Match." Under Money Match, an employee's account balance is matched by an equal amount from the employer. Employees may opt to have contributions made on their behalf invested in the "Regular Account", which is invested in a mix of equities (no more than 60 percent), bonds, real estate and other interest bearing certificates. Alternatively, they may choose to have up to 75 percent of their contributions placed in the Variable Account for which 100 percent of its assets are invested in U.S. equities. Until recently, employer contributions had only been invested in the Regular Account during a period in which earnings for the Variable Account were significantly higher on average than earnings in the Regular Account. Therefore, the rate of return for employer accounts had not kept pace with employee accounts. This mismatch in investment returns added to the shortfall in employer accounts. The Legislature has made changes in the way employer contributions may be invested such that henceforth, employer's accounts will be matched against employees' accounts.

8 Percent Tier One Guarantee. Members in Tier One are guaranteed to receive at least the assumed earnings rate used in the most recent actuarial valuation. At this time that rate is 8 percent. During the 2000 valuation year, the overall return in the PERS accounts was 0.54 percent. In 2001, PERS fund assets declined approximately 6.7 percent, and for 2002 an investment loss of 6.4 percent was reported. Further, in years of strong returns, the PERS Board opted to pay

Tier One employees more than the 8 percent guarantee, maintaining insufficient reserves for times when the economy was sluggish (see "State Agencies and Community Colleges -- Assets and Liabilities" herein), according to assertions in a lawsuit filed against PERS and the State (see "City of Eugene, EWEB, et al. v. State of Oregon, PERB" herein). Consequently, there is currently a deficit in the PERS reserve.

Pension Bonding Legislation. The 2001 Legislature approved the Pension Bonding Act (ORS 238.692 to 238.698, inclusive), which provides that local governments may individually or jointly issue pension obligation bonds to refinance their pension liability. The Issuers are utilizing this specific authority in issuing the Pension Bonds (see "Authorization for Issuance" herein). This statute was further amended by SB 1004 and SB 1027, both approved in special session, which clarifies that lump sum payments will be held in separate accounts, and all investment returns earned on such lump sum payments will be credited to such separate accounts, net of administrative costs and interest expenses.

Districts in the State and Local Government Rate Pool may make a lump sum payment that is in addition to the normal contribution amounts due to PERS. Such additional lump sum payments are to be applied against accrued unfunded liabilities of the individual District making the lump sum payment and PERS is to adjust the contribution rate to be made by such District to ensure that the benefit of the lump sum payment accrues solely to the individual District making the payment. So long as earnings on the lump sum payments exceed the cost of the borrowing, the financial results for the Districts should be positive.

City of Eugene, EWEB, et al. v. State of Oregon, PERB

Four different lawsuits, consolidated under the title "City of Eugene, EWEB, et al. v. State of Oregon, PERB", were filed in the Circuit Court for Marion County against the State of Oregon and the Public Employees Retirement Board. Plaintiffs/petitioners are the City of Eugene, Lane County, Multnomah County, City of Portland, City of Roseburg, City of Huntington, Canby Utility Board, Eugene Water & Electric Board and Rogue River Valley Irrigation District. Several individuals from a number of public employee unions have intervened in these cases. The consolidated cases were presented before the Court on cross-motions for summary judgment on May 21, 2001.

Plaintiffs asserted several different claims. Among these is the assertion that the PERS Board was wrong in requiring that employers match the variable earnings component of employees' accounts. The Court determined on summary judgment that the variable portions of the accounts are to be treated as if moneys therein had been invested in the fixed portion of the accounts and then matched by employers' contributions at those levels.

A second assertion alleged that PERS failed to maintain, fund and use the contingency reserve account as required by ORS 238.670(1). The court stated that the Board "clearly does not have the discretion not to fund or maintain a contingency reserve at all." It found that the Board abused its discretion by failing to fund and use a contingency reserve.

The four lawsuits described above went to trial and on October 8, 2002, the Marion County Court vacated each of the PERS Board orders and remanded them back to the PERS Board. Upon remand, PERS must issue new employer rate orders for 1998 and 2000 and a new earnings allocation order for the 1999 investment year. PERS will have to decide how to administer the accounts of members who have retired since the 1999 earnings were originally allocated. The final judgment, which was entered in January 2003, concludes, among other things, that (i) the PERS Board did not fund, maintain and use the contingency reserve account as required by ORS 238.670(1); (ii) the PERS Board misinterpreted and violated the requirements (a) that the PERS Board initially calculate the Variable Annuity Account earnings on the same basis as the regular annuity account earnings, and (b) that both the regular account and Variable Account annuities must then be compiled together to determine the regular service retirement allowance under all retirement alternatives before that retirement allowance is subjected to adjustment for participation in the variable by requiring participating employers to match the amount of earnings allocated to members' Variable Annuity Accounts; (iii) the PERS Board abused its discretion in allocating 1999 earnings of 20 percent to Tier One regular employee accounts and that the PERS Board must allocate out of the 1999 earnings an amount that is sufficient to meet its previously stated 30-month funding goal for the Gain/Loss Reserve account or explain this inconsistency to the Court; and (iv) the PERS Board violated ORS 238.300 in refusing to update its mortality tables and abused its discretion in failing to follow the legislative mandate to maintain "actuarial equivalency" when determining retirement benefits. The PERS Board voted to implement updated actuarial equivalency factors with a look-back feature beginning January 1, 2004. The PERS Board has not directed PERS staff to change any transactions or policies currently in use. On February 11, 2003, the PERS Board voted to appeal the judgment and to file a petition for a stay of the Judge's Order.

The Judge held a hearing on February 14, 2003 regarding the issue of improper allocation of earnings to employers that should have gone to employees in the Variable Annuity Accounts. The Judge is continuing to consider whether or not employers should receive variable earnings for 1999 and he denied the PERS Board motion for a stay of his final judgment on the other issues pending outcome of the appeals filed by the unions and the PERS Board. It is possible that the deficit attributable to each Issuer may be reduced. In any event, any overfunding provided to PERS will accrue to the benefit of each Issuer in the form of lower payroll contribution rates. Judge Lipscomb also denied the PERS Board's motion for a stay of his final judgment on the other issues pending outcome of the appeals filed by the unions and the PERS Board. At its March 31, 2003 meeting, the PERS Board voted to request an expedited review of Judge Lipscomb's decision to the Oregon Supreme Court, to seek a stay of the entire decision by Judge Lipscomb and to notify PERS members of the potential effects of litigation and legislation, including that member benefits might be affected by Judge Lipscomb's decision.

The litigants have proposed House Bill 2003 to address many of the issues in the above litigation (see "Recent Legislative Activities Relating to the Public Employees Retirement System" herein).

House Bill 3595 ("HB 3595") would require the PERS Board to uniformly apply final decision in civil action or proceeding in which rights or obligations of participating employers and members of the PERS system are decided, without regard to whether an individual employer or member is named party in action or proceeding, if reasoning supporting decision in action or proceeding is generally applicable to all participating public employers and members. HB 3595 was introduced in the House on March 14, 2003 and subsequently referred to the House Public Employees Retirement System Committee with subsequent referral to the House Ways and Means Committee on March 21, 2003. No further action has been taken as of the date of this Official Statement.

Current and Recent Legislative Activities Relating to the Public Employees Retirement System

Members of the 2003 Legislature have introduced a wide number of bills related to the PERS system and the unfunded liability. Summaries of select bills follow. The Legislature is currently in session, however, and the Issuers cannot predict the outcome of any legislative deliberations. A complete listing of bills and the current action on such bills is available on the State's web page at <http://www.leg.state.or.us/billsset.htm>. The PERS web page also provides a summary of bills affecting PERS: http://www.pers.state.or.us/Legislation/2003%20Legislation/72nd_session.html.

Accounts. House Bill 2001-A ("HB 2001") was signed by the Governor on February 18, 2003. HB 2001 prohibits PERS from crediting Tier one member regular accounts with earnings in excess of the assumed rate until: (i) the deficit reserve account is no longer in deficit; (ii) the deficit reserve account is fully funded with amounts determined by PERB, after consultation with its actuary, to ensure a zero balance in the deficit account when all Tier one members retire; and (iii) the deficit reserve account has been fully funded for the three immediately preceding calendar years. HB 2001 applies to earnings crediting for calendar year 2003 and thereafter. At its February 25, 2003 meeting, the PERS Board directed its actuary to prepare revised employer rates to reflect HB 2001 for the PERS Board to consider adopting at its June 10, 2003 meeting.

Mortality Tables. House Bill 2004 ("HB 2004"), which was passed by the House and has had several public hearings in the Senate, would modify the mortality tables. HB 2004 includes a "look back" provision, meaning that for retirements on or after July 1, 2003, the person retiring will receive the higher of the benefit calculated at retirement or the benefit calculated using the account balance and actuarial equivalency factors in effect on June 30, 2003. HB 2004 requires PERS to use the mortality tables beginning July 1, 2003 that the PERS Board adopted on September 10, 2002. HB 2004 also requires new actuarial equivalency factor tables to be adopted effective January 1, 2005 and once every 2 calendar years thereafter. There is no guarantee that the bill will pass the Senate in its current form or that the Governor will sign the bill if it comes to him.

The PERS Board took action at its meeting on February 25, 2003 to keep the rulemaking process open for OAR 459-005-0055, the Actuarial Equivalency Factor Rule, and to take further action if HB 2004 does not become law. PERS staff is directed to work on amendments to conform the rule to HB 2004, to monitor HB 2004 and determine if rules are needed to implement HB 2004. Further, the PERS Board is considering two new rules (OAR 459-005-0058 and 60) for adoption of new actuarial equivalency factors and to specify the actuarial equivalency factor tables to be used, as well as the effective date for using such new tables. The PERS Board voted at its meeting on March 31, 2003 to conform the rules to HB 2004A and to extend the period for public comment. PERS staff will present the updated rules at the next PERS Board meeting, scheduled for May 13, 2003.

House Bill 2003 ("HB 2003") was authored by various local governments to address PERS deficits. HB 2003 would (i) set aside sufficient future PERS investment income into a reserve account and require that such earnings are first used to guarantee sufficiency of funds to pay retired members; (ii) require PERS to calculate the variable match in a different manner in the future and pay the cost of previous decisions out of future earnings; (iii) fully implement updated mortality tables as of January 1, 2003; (iv) eliminate the statutory requirement that employees contribute 6 percent of their salary to their retirement accounts; and (v) restructure the governance of PERS. The first reading of HB 2003 was held on March 5 2003. Several public hearings on HB 2003 have been held, the most recent of which was held on April 8, 2003. No further action has been taken as of the date of this Official Statement.

House Bill 2006 ("HB 2006") would establish a separate deficit account for each year in which regular accounts of Tier One members are credited with earnings at assumed interest rate and PERS does not earn the assumed interest rate. HB 2006 would further require that the deficit be paid equally from employer and employee contributions at the end of a ___-year period of time (number of years have not been determined as of the date this Official Statement was printed). HB 2006 was referred to the House PERS Committee in January 2003 and a public hearing was held on March 6, 2003. No further action has been taken.

Successor Retirement Plan. Three bills have been introduced in the House that present new retirement plans for new employees. These bills are currently under consideration: House Bill 2008 ("HB 2008") House Bill 2020 ("HB 2020") and House Bill 3161 ("HB 3161"). HB 2008, HB 2020 and HB 3161 would establish a defined benefit retirement plan for people hired on or after January 1, 2004, who have not established membership in PERS before January 1, 2004. Several public hearings have been held on these bills as of April 9, 2003. No further action has been taken.

Membership of the PERS Board. House Bill 2005 ("HB 2005"), which has been approved by the House and which received a recommendation in the Senate for passage with amendments on April 8, 2003, would modify ORS 238.630 by reducing the PERS Board membership from twelve to five members. HB 2005 would also modify ORS 238.640(1) by shifting the membership so that (i) three of the Board members were required to not be PERS members and at least two of them must have experience in investing, business management or pension management, (ii) one member holds a management position with a participating employer and (iii) the fifth member is a public employee. The last two members representing public employers and public employees may serve the remainder of their term if they retire during their term of office. All Board members are appointed by the Governor for three-year terms. The Governor appoints the chairperson. Currently, there are 8 active members on the PERS Board following recent resignations of 4 former members. The Governor has indicated he will not reappoint existing Board members.

The Issuers' PERS Pension Liability

Substantially all of the Issuers' employees are participants in PERS after six months of employment. Data in the following table is as of December 31, 2000, PERS' most recent interim actuarial valuation date:

**State and Local Government Rate Pool - Assets and Liabilities
(\$ Millions)**

Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Percent	Annualized Covered Payroll	UAL/Payroll
12/31/01	\$ 13,931.3	\$ 15,961.1	\$ 2,029.8	87%	\$ 1,954.1	104%
12/31/99	14,082.9	14,065.5	(17.4)	100%	1,820.7	-1
12/31/97	7,013.9	7,382.2	368.3	95%	1,628.0	23
12/31/95	5,287.8	5,647.6	359.8	94%	1,786.3	20

- (1) Assets listed exclude lump sum payments.
- (2) Data reflects the anticipated impacts of "asset smoothing" techniques in which approximately 25 percent of a given year's gains or losses are realized each year.

Source: Milliman USA; December 31, 2001 data is from a letter dated January 21, 2003, regarding 2001 Actuarial Valuation - State Agencies and Community Colleges.

In the absence of other funding arrangements, the UAL is amortized by PERS using the "assumed earnings rate", which is currently set at an interest rate of 8 percent over the amortization period and is collected by PERS through an employer contribution rate charged to covered employees' salary. With the payment of net proceeds of the Pension Bonds to PERS, the Issuers will pay off the calculated UAL for December 31, 2001. It does not address future liabilities that are expected to be realized because of recent investment losses in the PERS portfolio (see "Pension System - 8 Percent Tier One Guarantee" herein).

PERS is to inform each of the Issuers in writing that their contribution rate will be immediately adjusted when the Issuers transfer Pension Bond proceeds to PERS. In the event that such payment results in an overfunded actuarial liability, the excess contribution will be applied to the individual Issuer's account and not to the account of any other community college district. The Issuers expect that additional liabilities will be calculated to be unfunded for the 2002 valuation and that such unfunded liabilities will accrue to the State and Local Government Rate Pool as a whole and will be allocated to each participant in accordance with payroll.

THE ISSUERS MAKE NO REPRESENTATION THAT THE ISSUANCE OF THE OBLIGATIONS WILL FULLY FUND THE ISSUERS' CURRENT OR FUTURE PENSION OBLIGATIONS. The Issuers' employer contribution rates are subject to future adjustment based on factors such as the results of subsequent actuarial valuations, and changes in benefits resulting from legislative modifications.

Tax Matters

General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Obligations. It is based in part on an opinion of Preston Gates & Ellis LLP, Special Counsel to the Issuers, and on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published revenue rulings and court decisions currently in effect, all of which are subject to change. Because the federal income tax rules relating to the purchase, ownership and disposition of taxable obligations such as the Obligations are complex and are subject to modification, investors should consult their own tax advisors before determining whether to purchase Obligations.

The following discussion is applicable to investors other than those investors who are subject to special provisions of the Code, such as life insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the

alternative minimum tax or personal holding company provisions of the Code and taxpayers who hold Obligations that are a hedge or that are part of a straddle or conversion transaction. This summary is further limited to investors who will hold the Obligations as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. **INVESTORS WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE PENSION BONDS IN THEIR PARTICULAR CIRCUMSTANCES BEFORE DETERMINING WHETHER TO PURCHASE THE PENSION BONDS.**

Federal Income Tax Treatment

Interest on the Obligations is included in gross income for federal income tax purposes.

Defeasance of Obligations

Holders of the Obligations should be aware that the deposit by the Issuers of monies or Government Obligations with the Trustee and the release of the Trust Agreement (a "defeasance") for federal income tax purposes could result in the recognition by the holder of taxable income (or loss), without any corresponding receipt of monies by the holder. In addition, for federal tax purposes, the character and time of receipt of payments on the Obligations subsequent to any such defeasance also could be affected. Holders are advised to consult their own tax advisors with respect to the tax consequences resulting from such events.

Original Issue Discount

As set forth on the cover hereof, certain Obligations will be issued at a price that is less than their stated prepayment price at maturity (the "Discount Obligations"). This discussion relates to owners who acquire such Discount Obligations in their initial offering at their initial offering price. Owners who do not purchase Discount Obligations in the initial public offering and owners who purchase Discount Obligations in the initial public offering but at a price different from the first offering price at which a substantial amount of that maturity of the Discount Obligations was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Obligations.

The difference between the stated prepayment price of a Discount Obligation and its initial offering price constitutes "original issue discount" within the meaning of Section 1273 of the Code. Under Section 1272 of the Code, such original issue discount will accrue actuarially over the term of the Discount Obligation at a constant interest rate basis, and the gross income of the owners thereof will include, as ordinary income, during each year of their holding period, the amount of such discount that has accrued during the portion of the taxable year in which they held the Discount Obligation. Thus, owners of Discount Obligations will be required to include accrued original issue discount in gross income in advance of the receipt of such income and may be taxed on such income despite not having yet received the allocable cash.

The tax basis of a Discount Obligation will be increased each year by the amount of such accrued discount. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Obligation. An owner of a Discount Obligation who disposes of such Discount Obligation prior to maturity should consult his own tax advisor as to the amount of original issue discount that has accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Obligation prior to maturity.

Disposition of the Obligations

An owner will recognize gain or loss on the prepayment, sale or exchange of an Obligation equal to the difference between the prepayment or sale price and the owner's tax basis in the Obligation. Generally, the owner's tax basis in an Obligation not purchased at a premium or discount will be the owner's initial cost. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Obligation has been held for more than a year.

Under current law, purchasers of the Obligations who do not purchase the Obligations in the initial public offering at the initial public offering price (a "subsequent purchaser") will generally be required, on the disposition of an Obligation, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount", although such holders may elect to include market discount in income currently over the life of the Obligation. (Market discount is the amount by which the price paid for an Obligation by a subsequent purchaser is less than the Obligation's "revised issue price"). In such instances, section 1277 of the Code also may apply so as to defer the deductibility of all or a portion of the interest expense incurred by a subsequent purchaser with respect to amounts borrowed to acquire an Obligation with market discount.

Required Reporting to the Internal Revenue Service

Interest payments made with respect to the Obligations to certain categories of beneficial owners will be reported to the Internal Revenue Service on an annual basis on Form 1099 or Form 1099-OID, showing the name, address and taxpayer identification number of the beneficial owner. Exempt categories of beneficial owners, with respect to whom no Forms 1099 or 1099-OID will be issued, include corporations, tax-exempt organizations, individual retirement plans, registered securities dealers, financial institutions, entities registered under the Investment Company Act of 1940, nominees, custodians, brokers and certain trusts.

Other Federal Income Tax Consequences

The Code requires debt obligations, such as the Obligations, to be issued in registered form and denies certain tax benefits to the issuer and the holders of obligations failing this requirement. The Issuers are issuing the Obligations in registered form.

Interest paid to an owner of an Obligation ordinarily will not be subject to withholding of federal income tax if such owner is a United States person. A United States person, however, will be subject to back-up withholding of such tax under certain circumstances. This withholding requirement generally applies if the owner of an Obligation (i) fails to furnish to the Issuers such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the Issuers an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the Issuers or such owner's broker with a certified statement, signed under penalty or perjury, that the TIN provided to the Issuers is correct and that such owner is not subject to backup withholding. For calendar years 2002 and 2003, the rate of back-up withholding is 30 percent. The back-up withholding rate is scheduled to decline over time.

State Taxation

Interest on the Obligations is exempt from present personal income taxation by the State of Oregon.

State and Local Taxes and Foreign Persons

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

The Initiative Process

The Oregon Constitution, Art. IV, Sec. 1, reserves to the people of the state the initiative and referendum power pursuant to which measures designed to amend the Oregon State Constitution or enact legislation, can be placed on the statewide general election ballot for consideration by the voters. "Referendum" generally means measures that have been passed and then referred to the voters by a legislative body, such as the State Legislative Assembly or the governing body of a district, county or other political subdivision, or by petition prior to its effective date. "Initiative" generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State's office. The Oregon Attorney General is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any voter that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petition, the proponents of the initiative may start gathering the initiative petition signatures necessary to place the proposed initiative on the ballot. To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a Governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the November 2000 and 2002 elections, the requirements were eight percent (89,048 signatures) for a constitutional measure and six percent (66,786 signatures) for a statutory initiative; this amount will change for the November 2004 general election. Any voter may sign an initiative petition for any measure on which the voter is entitled to vote.

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

Historical Initiative Petitions

Over the past decade Oregon has witnessed increasing activity in the number of initiative petitions that have qualified for the statewide general election. According to the Elections Division of the Oregon Secretary of State, the number of initiative petitions that have qualified for the ballot and the number that have been approved in the general elections since 1988 are as follows:

<u>Number of Year of General Election</u>	<u>Number of Initiatives that Qualified</u>	<u>Initiatives that were Approved</u>
2002	7	3
2000	18	5
1998	10	6
1996	16	4
1994	16	8
1992	7	0
1990	8	3
1988	5	3

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State, 2002 INITIATIVE LOG Elections Division

Continuing Disclosure

The Securities and Exchange Commission has published amendments to Rule 15c2-12 (the "Rule") that require at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Pension Bonds, if material. Pursuant to the Rule, the Issuers and the Trustee have agreed to provide to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any, audited financial information of the Issuers and the Trustee and certain financial information or operating data. In addition, the Issuers and the Trustee have agreed to provide to the Municipal Securities Rulemaking Board, Financial Guaranty and to any state information repository, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

Certain Issuers have entered into continuing disclosure undertakings for debt that is currently outstanding. All such continuing disclosure undertakings require such Issuers to file notices in a timely basis if certain material events, such as failure to make debt service payments, occur. Issuers who have agreed to file certain financial and operating data with nationally recognized municipal securities information repositories annually are considered to be subject to "Rule disclosure". Certain other Issuers are required to provide copies of their audited financial reports on a timely basis to investors who may request a copy ("limited disclosure"). A summary of those Issuers who have disclosure requirements and compliance with such requirements follows. The forms of the Continuing Disclosure Certificates of the Trustee and of each of the Issuers are included in Appendix D, attached hereto.

Continuing Disclosure Requirements and Compliance

	Issuer	Continuing Disclosure Requirements	Compliance
1.	Central Oregon	Rule Disclosure	The Issuer is in compliance with filing requirements.
2.	Chemeketa	Rule Disclosure	The Issuer is in compliance with filing requirements.
3.	Columbia	Limited Disclosure	The Issuer is in compliance with its requirements.
4.	Lane	Rule Disclosure	The Issuer is in compliance with filing requirements.
5.	Mt. Hood	Limited Disclosure	The Issuer is in compliance with its requirements.
6.	Treasure Valley	Limited Disclosure	The Issuer is in compliance with its requirements.

A copy of the form of the Continuing Disclosure Certificate to be executed by each Issuer for the Pension Bonds and a copy of the form of Continuing Disclosure Certificate to be executed by the Trustee are attached hereto as Appendix D.

Legal and Underwriting

Approval of Counsel

Legal matters incident to the authorization, issuance and sale of the Obligations and the Pension Bonds as well as the authorization, execution and validity of the Trust Agreement and Resolutions are subject to the approving legal opinion of Special Counsel to the Issuers, Preston Gates & Ellis LLP, Portland, Oregon, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this Official Statement only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued. Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLP, Seattle, Washington.

Litigation

There is no litigation pending or threatened questioning the validity of the Pension Bonds nor the Obligations, nor the power and authority of the Issuers to issue the Pension Bonds. There is no litigation pending or threatened that would materially affect the finances of the Issuers or affect the Issuers' ability to meet debt service requirements on the Pension Bonds.

Underwriting

Except as provided in the Obligation Purchase Agreement and subject to the terms of the Obligation Purchase Agreement, Seattle-Northwest Securities Corporation, as senior manager, on behalf of the Underwriters named on the cover page of this Official Statement (the "Underwriters"), has agreed to purchase all, but not less than all, of the Obligations. The purchase contract provides that the Underwriters will purchase the Obligations from the Trustee, subject to the Trustee's purchase of Pension Bonds, at a price of 99.134 percent of the par value of the Obligations. After the initial public offering, the public offering prices may be varied from time to time.

Concluding Statement

The agreements of the Issuers are set forth in such documents, and the information assembled herein is not to be construed as a contract with the Owners of the Obligations.

Appendix A

Form of Special Counsel Opinion

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FORM OF SPECIAL COUNSEL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

April 23, 2003

Wells Fargo Bank Northwest, National
Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

**Re: *Oregon Community College Association Limited Tax Pension
Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series
2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current
Interest)***

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which

price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

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Appendix B

Book Entry Only System, Clearstream, Luxembourg, and Euroclear

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**SAMPLE OFFICIAL STATEMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC – bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$400 million, one certificate will be issued with respect to each \$400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

CLEARSTREAM, LUXEMBOURG AND EUROCLEAR

The information in this portion of Appendix B has been obtained from Clearstream, Luxembourg and Euroclear and other sources which are believed by the Issuers to be accurate, but the Issuers take no responsibility for the accuracy thereof. The Issuers cannot and do not give any assurances that DTC, DTC Participants, Clearstream, Luxembourg, Clearstream customers, Euroclear or Euroclear participants will distribute to the Beneficial Owners of the Obligations: (i) payments of the Accreted Value of the Obligations; (ii) confirmations of their ownership interests in the Obligations; or (iii) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Obligations, or that they will do so on a timely basis, or that DTC, DTC Participants, Clearstream, Luxembourg, Clearstream customers, Euroclear or Euroclear participants will serve and act in the manner described in this Official Statement.

Neither the Issuers nor the Trustee will have any responsibility or obligations to DTC, the DTC Participants, Euroclear, Euroclear participants or the Beneficial Owners with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participants, Clearstream, Luxembourg, Clearstream customers, Euroclear or Euroclear participants; (ii) the payment by DTC or any DTC Participants, Clearstream, Luxembourg, Clearstream customers, Euroclear or Euroclear participants of any amount due to any Beneficial Owner in respect of the Accreted Value of the Obligations; (iii) the delivery by DTC or any DTC Participants, Clearstream, Luxembourg, Clearstream customers, Euroclear or Euroclear participants of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Trust Agreement; or (iv) any consent given or other action taken by DTC as registered holder of the Obligations.

Clearstream, Luxembourg

Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), was incorporated in 1970 as "Cedel S.A.," a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On January 10, 2000, Cedelbank's parent company, Cedel International ("CI") merged its clearing, settlement and custody business with that of Deutsche Börse Clearing AG ("DBC"). The merger involved the transfer by CI of substantially all of its assets and liabilities to a new Luxembourg company, New Cedel International ("New CI"), which is 50 percent owned by CI and 50 percent owned by DBC's parent company, Deutsche Börse AG. The shareholders of these two entities are banks, securities dealers and financial institutions. CI currently has 92 shareholders, including U.S. financial institutions or their subsidiaries. No single entity may own more than 5 percent of CI's stock.

In conjunction with the merger, the Board of Directors of New CI decided to re-name the companies in the group in order to give them a cohesive brand name. The new brand name that was chosen is "Clearstream." With effect from January 14, 2000, New CI has been renamed "Clearstream International, société anonyme." On January 18, 2000, Cedelbank was renamed "Clearstream Banking, société anonyme," and Cedel Global Services was renamed "Clearstream Services, société anonyme."

On January 17, 2000, DBC was renamed "Clearstream Banking AG." This means that there are now two entities in the corporate group headed by Clearstream International which share the name "Clearstream Banking," the entity previously named "Cedelbank" and the entity previously named "Deutsche Börse AG."

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, "CSSF," which supervises Luxembourg banks. Clearstream, Luxembourg's customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with the Operator of Euroclear in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

Euroclear System

The Euroclear System ("Euroclear") was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment. This system eliminates the need for physical movement of certificates and any risk from late or simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries. All Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. The Euroclear Operator establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other

professional financial intermediaries. Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Initial Settlement; Distributions; Actions Upon Behalf of Owners

All of the Obligations will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream, Luxembourg and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg and Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream, Luxembourg and the Euroclear Operator acts as depository for Euroclear (the "U.S. Depositories").

Holders of the Obligations may hold their Obligations through DTC (in the United States) or Clearstream, Luxembourg or Euroclear (in Europe) if they are participants of such systems, or directly through organizations which are participants in such systems.

Investors electing to hold their Obligations through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Obligations held beneficially through Clearstream, Luxembourg will be credited to the cash accounts of Clearstream, Luxembourg customers in accordance with its rules and procedures, to the extent received by its U.S. Depository (as defined below). Distributions with respect to the Obligations held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream, Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Obligations under the Trust Agreement on behalf of a Clearstream customer or Euroclear participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of the trading of any securities where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading Between DTC Participants. Secondary market trading between DTC Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds.

Trading Between Euroclear Participants and/or Clearstream, Luxembourg Customers. Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg customers will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading Between DTC Seller and Euroclear or Clearstream, Luxembourg Purchaser. When securities are to be transferred from the account of a DTC Participant (other than U.S. Depositories) to the account of a Euroclear participant or a Clearstream, Luxembourg customer, the purchaser must send instructions to the applicable U.S. Depository before settlement date 12:30. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its U.S. Depository to receive the securities against payment. Payment will then be made by its U.S. Depository to the DTC Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participants' or Clearstream, Luxembourg customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Obligations will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants and Clearstream, Luxembourg customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, they may take on credit exposure to Euroclear or Clearstream, Luxembourg until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds.

Because the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear participants or Clearstream, Luxembourg customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participant, a cross-market transaction will settle no differently from a trade between two DTC Participants.

Trading Between Euroclear or Clearstream, Luxembourg Seller and DTC Purchaser. Due to time zone differences in their favor, Euroclear participants and Clearstream, Luxembourg customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another DTC participant. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the DTC Participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg customer the following business day, and receipt of the cash proceeds in the Euroclear participants' or Clearstream, Luxembourg customers' accounts will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear participant's or Clearstream, Luxembourg customer's accounts would instead be valued as of the actual settlement date.

Procedures May Change

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC Participants, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by either of them.

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Appendix C

Specimen Municipal Pension Bond Insurance Policy

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Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number: 0010001

Bonds:

Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association, or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, the portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Deborah M. Reif

President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A stylized, handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Authorized Officer

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Richard M. Reif

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

[Signature]

Authorized Officer

U.S. Bank Trust National Association, as Fiscal Agent

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Bondholder" shall not include the _____ [Contract Obligor] (as such term is defined in the bond documentation).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Deborah M. Reif

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer

U.S. Bank Trust National Association, as Fiscal Agent

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

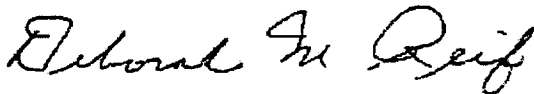
Policy Number:

Control Number: 0010001

It is further understood that with respect to the Bonds maturing on _____, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

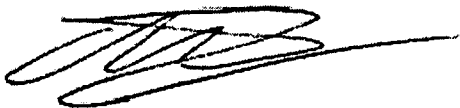


President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

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Appendix D

Form of Continuing Disclosure Certificates

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by «DISTRICT», «COUNTY(IES)», Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S. Securities and Exchange Commission. If the cross-referenced document is a final official statement

within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

«DISTRICT»
«COUNTY(IES)», OREGON

By: _____
Authorized Representative

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Series 2003 Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Series 2003 Issuers (the "Resolutions"). The Obligations are issued pursuant to a Series 2003 Trust Agreement dated as of April 23, 2003, by and among the Series 2003 Issuers and the Series 2003 Trustee (the "Series 2003 Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Series 2003 Trust Agreement. The Series 2003 Trustee covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Series 2003 Trustee for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

Section 2. Material Events. The Series 2003 Trustee agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events with respect to the Obligations, if material; provided, however, such notice shall specify (x) the nature of such event and (y) the Series 2003 Issuer(s) to which such event shall be attributable:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Obligations;
- g. modifications to rights of holders of the Obligations;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Obligations; and
- k. rating changes.

In determining whether any of the above listed events is material, the Series 2003 Trustee may rely upon an opinion of counsel.

Section 3. Dissemination Agent. The Series 2003 Trustee may, from time to time, engage or appoint an agent to assist the Series 2003 Trustee in disseminating information hereunder (the

“Dissemination Agent”). The Series 2003 Trustee may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 4. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Series 2003 Trustee’s obligations hereunder shall terminate if and when there shall occur either prepayment in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 6 below, the Series 2003 Trustee may rescind its obligations under this Certificate, in whole or in part, if (i) the Series 2003 Trustee obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Series 2003 Trustee notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 5. Enforceability and Remedies. The Series 2003 Trustee agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Series 2003 Trustee, holders of the Obligations, and any Dissemination Agent.

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the Series 2003 Trustee may amend this Certificate under the following conditions:

- a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Series 2003 Trustee (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 7. Resignation or Removal as Series 2003 Trustee. The Series 2003 Trustee’s obligation hereunder will terminate upon its resignation or removal as Series 2003 Trustee provided such resignation or removal is made in accordance with the Series 2003 Trust Agreement and provided that the Series 2003 Issuers or a court of competent jurisdiction has appointed a successor Series 2003 Trustee under the terms of the Series 2003 Trust Agreement.

Section 8. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, acting solely
in its capacity as Series 2003 Trustee and not
individually

By: _____
Alice Garrett, Vice President

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Appendix E

Projected Debt Service Schedule for Each Issuer

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**Central Oregon Community College District
Crook, Deschutes, Jefferson, Klamath, Lake and Wasco Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ -	\$ 411,037.32	\$ 411,037.32
6/30/2005	33,480.65	348,061.35	381,542.00
6/30/2006	233,893.65	367,648.35	601,542.00
6/30/2007	252,555.20	383,986.80	636,542.00
6/30/2008	264,454.40	402,087.60	666,542.00
6/30/2009	279,219.60	427,322.40	706,542.00
6/30/2010	287,694.30	453,847.70	741,542.00
6/30/2011	296,439.45	485,102.55	781,542.00
6/30/2012	306,585.60	519,956.40	826,542.00
6/30/2013	310,398.40	556,143.60	866,542.00
6/30/2014	313,004.35	598,537.65	911,542.00
6/30/2015	316,731.15	644,810.85	961,542.00
6/30/2016	316,166.40	690,375.60	1,006,542.00
6/30/2017	315,935.80	740,606.20	1,056,542.00
6/30/2018	315,883.80	795,658.20	1,111,542.00
6/30/2019	313,469.60	853,072.40	1,166,542.00
6/30/2020	313,324.00	913,218.00	1,226,542.00
6/30/2021	310,745.20	975,796.80	1,286,542.00
6/30/2022	308,180.00	1,038,362.00	1,346,542.00
6/30/2023	307,476.15	1,104,065.85	1,411,542.00
6/30/2024	1,135,000.00	346,542.00	1,481,542.00
6/30/2025	1,270,000.00	282,301.00	1,552,301.00
6/30/2026	1,415,000.00	210,292.00	1,625,292.00
6/30/2027	1,575,000.00	129,920.00	1,704,920.00
6/30/2028	745,000.00	41,720.00	786,720.00
	<u>\$ 11,535,637.70</u>	<u>\$ 13,720,472.62</u>	<u>\$ 25,256,110.32</u>

NOTE: Central Oregon Community College District's principal amount of Pension Bonds represents 7.51 percent of the aggregate principal amount of the Obligations.

**Chemeketa Community College District
Marion, Linn, Polk and Yamhill Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ 142,619.10	\$ 893,075.62	\$ 1,035,694.72
6/30/2005	301,325.85	764,611.15	1,065,937.00
6/30/2006	504,476.50	796,460.50	1,300,937.00
6/30/2007	544,300.00	831,637.00	1,375,937.00
6/30/2008	578,494.00	872,443.00	1,450,937.00
6/30/2009	601,097.75	924,839.25	1,525,937.00
6/30/2010	626,372.40	984,564.60	1,610,937.00
6/30/2011	643,989.15	1,051,947.85	1,695,937.00
6/30/2012	661,075.20	1,124,861.80	1,785,937.00
6/30/2013	674,519.60	1,206,417.40	1,880,937.00
6/30/2014	678,637.75	1,297,299.25	1,975,937.00
6/30/2015	684,963.30	1,395,973.70	2,080,937.00
6/30/2016	687,422.40	1,498,514.60	2,185,937.00
6/30/2017	687,494.10	1,608,442.90	2,295,937.00
6/30/2018	685,447.20	1,725,489.80	2,410,937.00
6/30/2019	680,458.40	1,850,478.60	2,530,937.00
6/30/2020	678,275.25	1,977,661.75	2,655,937.00
6/30/2021	672,730.30	2,113,206.70	2,785,937.00
6/30/2022	668,750.60	2,252,186.40	2,920,937.00
6/30/2023	666,920.10	2,394,016.90	3,060,937.00
6/30/2024	2,460,000.00	750,937.00	3,210,937.00
6/30/2025	2,750,000.00	611,701.00	3,361,701.00
6/30/2026	3,070,000.00	455,776.00	3,525,776.00
6/30/2027	3,410,000.00	281,400.00	3,691,400.00
6/30/2028	1,615,000.00	90,440.00	1,705,440.00
	<u>\$ 25,374,368.95</u>	<u>\$ 29,754,382.77</u>	<u>\$ 55,128,751.72</u>

NOTE: Chemeketa Community College District's principal amount of Pension Bonds represents 16.52 percent of the aggregate principal amount of the Obligations.

**Columbia Gorge Community College District
Wasco and Hood River Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ 59,014.80	\$ 122,821.94	\$ 181,836.74
6/30/2005	81,310.15	106,409.35	187,719.50
6/30/2006	68,792.25	108,927.25	177,719.50
6/30/2007	74,024.80	113,694.70	187,719.50
6/30/2008	82,642.00	120,077.50	202,719.50
6/30/2009	85,317.10	127,402.40	212,719.50
6/30/2010	87,400.80	135,318.70	222,719.50
6/30/2011	88,591.10	144,128.40	232,719.50
6/30/2012	92,614.40	155,105.10	247,719.50
6/30/2013	92,522.60	165,196.90	257,719.50
6/30/2014	94,178.30	178,541.20	272,719.50
6/30/2015	95,276.85	192,442.65	287,719.50
6/30/2016	95,808.00	206,911.50	302,719.50
6/30/2017	95,670.70	222,048.80	317,719.50
6/30/2018	94,971.60	237,747.90	332,719.50
6/30/2019	93,658.60	254,060.90	347,719.50
6/30/2020	92,573.00	270,146.50	362,719.50
6/30/2021	92,562.40	290,157.10	382,719.50
6/30/2022	92,454.00	310,265.50	402,719.50
6/30/2023	90,943.65	326,775.85	417,719.50
6/30/2024	335,000.00	102,719.50	437,719.50
6/30/2025	375,000.00	83,758.50	458,758.50
6/30/2026	420,000.00	62,496.00	482,496.00
6/30/2027	465,000.00	38,640.00	503,640.00
6/30/2028	225,000.00	12,600.00	237,600.00
	<u>\$ 3,570,327.10</u>	<u>\$ 4,088,394.14</u>	<u>\$ 7,658,721.24</u>

NOTE: Columbia Gorge Community College District's principal amount of Pension Bonds represents 2.32 percent of the aggregate principal amount of the Obligations.

**Lane Community College District
Benton, Douglas, Lane and Linn Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ 373,760.40	\$ 1,820,099.42	\$ 2,193,859.82
6/30/2005	698,310.70	1,560,938.80	2,259,249.50
6/30/2006	1,022,711.45	1,621,538.05	2,644,249.50
6/30/2007	1,101,663.20	1,692,586.30	2,794,249.50
6/30/2008	1,173,516.40	1,775,733.10	2,949,249.50
6/30/2009	1,225,463.80	1,883,785.70	3,109,249.50
6/30/2010	1,274,595.00	2,004,654.50	3,279,249.50
6/30/2011	1,311,829.75	2,142,419.75	3,454,249.50
6/30/2012	1,344,505.60	2,289,743.90	3,634,249.50
6/30/2013	1,369,931.40	2,454,318.10	3,824,249.50
6/30/2014	1,382,205.05	2,642,044.45	4,024,249.50
6/30/2015	1,390,527.00	2,838,722.50	4,229,249.50
6/30/2016	1,396,401.60	3,047,847.90	4,444,249.50
6/30/2017	1,397,237.20	3,272,012.30	4,669,249.50
6/30/2018	1,393,605.00	3,510,644.50	4,904,249.50
6/30/2019	1,383,853.60	3,765,395.90	5,149,249.50
6/30/2020	1,379,693.75	4,024,555.75	5,404,249.50
6/30/2021	1,368,601.20	4,300,648.30	5,669,249.50
6/30/2022	1,362,155.60	4,587,093.90	5,949,249.50
6/30/2023	1,358,380.55	4,875,868.95	6,234,249.50
6/30/2024	5,010,000.00	1,529,249.50	6,539,249.50
6/30/2025	5,605,000.00	1,245,683.50	6,850,683.50
6/30/2026	6,250,000.00	927,880.00	7,177,880.00
6/30/2027	6,945,000.00	572,880.00	7,517,880.00
6/30/2028	3,285,000.00	183,960.00	3,468,960.00
	<u>\$ 51,803,948.25</u>	<u>\$ 60,570,305.07</u>	<u>\$ 112,374,253.32</u>

NOTE: Lane Community College District's principal amount of Pension Bonds represents 33.73 percent of the aggregate principal amount of the Obligations.

**Mt. Hood Community College District
Multnomah, Clackamas and Hood River Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ 363,924.60	\$ 1,777,758.30	\$ 2,141,682.90
6/30/2005	683,961.85	1,524,728.65	2,208,690.50
6/30/2006	999,780.70	1,583,909.80	2,583,690.50
6/30/2007	1,075,536.80	1,653,153.70	2,728,690.50
6/30/2008	1,144,591.70	1,734,098.80	2,878,690.50
6/30/2009	1,194,439.40	1,839,251.10	3,033,690.50
6/30/2010	1,241,819.70	1,956,870.80	3,198,690.50
6/30/2011	1,281,163.60	2,092,526.90	3,373,690.50
6/30/2012	1,312,569.60	2,236,120.90	3,548,690.50
6/30/2013	1,337,100.80	2,396,589.70	3,733,690.50
6/30/2014	1,348,965.65	2,579,724.85	3,928,690.50
6/30/2015	1,359,626.40	2,774,064.10	4,133,690.50
6/30/2016	1,365,264.00	2,978,426.50	4,343,690.50
6/30/2017	1,366,088.60	3,197,601.90	4,563,690.50
6/30/2018	1,362,636.00	3,431,054.50	4,793,690.50
6/30/2019	1,351,359.80	3,677,330.70	5,028,690.50
6/30/2020	1,347,649.25	3,931,041.25	5,278,690.50
6/30/2021	1,337,196.10	4,201,494.40	5,538,690.50
6/30/2022	1,329,796.70	4,478,893.80	5,808,690.50
6/30/2023	1,328,066.00	4,765,624.50	6,093,690.50
6/30/2024	4,890,000.00	1,493,690.50	6,383,690.50
6/30/2025	5,475,000.00	1,216,916.50	6,691,916.50
6/30/2026	6,105,000.00	906,484.00	7,011,484.00
6/30/2027	6,785,000.00	559,720.00	7,344,720.00
6/30/2028	3,210,000.00	179,760.00	3,389,760.00
	<u>\$ 50,596,537.25</u>	<u>\$ 59,166,836.15</u>	<u>\$ 109,763,373.40</u>

NOTE: Mt. Hood Community College District's principal amount of Pension Bonds represents 32.94 percent of the aggregate principal amount of the Obligations.

**Treasure Valley Community College District
Malheur and Baker Counties
Limited Tax Pension Bonds, Series 2003
Debt Service Schedule**

Period Ending	Principal	Interest	Debt Service
6/30/2004	\$ -	\$ 380,913.06	\$ 380,913.06
6/30/2005	47,829.50	323,315.00	371,144.50
6/30/2006	215,549.05	340,595.45	556,144.50
6/30/2007	230,783.20	355,361.30	586,144.50
6/30/2008	247,926.00	373,218.50	621,144.50
6/30/2009	255,951.30	395,193.20	651,144.50
6/30/2010	265,844.10	420,300.40	686,144.50
6/30/2011	275,995.35	450,149.15	726,144.50
6/30/2012	281,036.80	480,107.70	761,144.50
6/30/2013	286,521.60	514,622.90	801,144.50
6/30/2014	290,844.75	555,299.75	846,144.50
6/30/2015	290,980.65	595,163.85	886,144.50
6/30/2016	294,609.60	641,534.90	936,144.50
6/30/2017	293,686.80	687,457.70	981,144.50
6/30/2018	293,173.20	737,971.30	1,031,144.50
6/30/2019	290,532.80	790,611.70	1,081,144.50
6/30/2020	290,180.75	845,963.75	1,136,144.50
6/30/2021	287,604.60	903,539.90	1,191,144.50
6/30/2022	286,607.40	964,537.10	1,251,144.50
6/30/2023	285,822.90	1,025,321.60	1,311,144.50
6/30/2024	1,050,000.00	321,144.50	1,371,144.50
6/30/2025	1,175,000.00	261,714.50	1,436,714.50
6/30/2026	1,315,000.00	195,092.00	1,510,092.00
6/30/2027	1,460,000.00	120,400.00	1,580,400.00
6/30/2028	690,000.00	38,640.00	728,640.00
	<u>\$ 10,701,480.35</u>	<u>\$ 12,718,169.21</u>	<u>\$ 23,419,649.56</u>

NOTE: Treasure Valley Community College District's principal amount of Pension Bonds represents 6.97 percent of the aggregate principal amount of the Obligations.

Appendix F

Form of the Intercept Agreement

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INTERCEPT AGREEMENT

by and among

Wells Fargo Bank Northwest, National Association,

as Trustee

and the

**Issuers of the
Limited Tax Pension Bonds
Described in the Attached Exhibit A**

and the

**Oregon Department of Community Colleges
and Workforce Development**

Dated as of April 23, 2003

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Exhibit A - List of Issuers

Exhibit B - Form of Request for Information

Exhibit C - Trustee for Future Pension Bonds

INTERCEPT AGREEMENT

This Intercept Agreement is dated as of April 23, 2003, and is entered into by and among the Issuers (as defined below), the Trustee (as defined below) and the OREGON DEPARTMENT OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT (the "Agency"). The parties hereby agree as follows:

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

(a) The Issuers are authorized to issue limited tax bonds as defined in ORS 288.150 to finance their pension liability pursuant to ORS 238.692 to 238.698 (the "Act");

(b) The Act authorizes the Issuers to enter into this agreement with the Agency;

(c) The Series 2003 Issuers have entered into a Trust Agreement, dated as of April 23, 2003, with the Series 2003 Trustee (the "Series 2003 Trust Agreement"); and

(d) The Series 2003 Issuers, Series 2003 Trustee and the Agency execute this intercept agreement (the "Intercept Agreement") to divert State Education Revenues, as defined below, to the Series 2003 Trustee for the purpose of paying the principal and interest and any premium on the Series 2003 Pension Bonds, and to provide for the diversion of State Education Revenues to any Future Pension Bonds by the Future Pension Bond Issuers.

Section 1.2 Definitions.

Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

"Act" means ORS 238.692 to 238.698.

"Agency" means the Oregon Department of Community Colleges and Workforce Development, an agency of the State of Oregon, or any successor agency charged with distributing any funds mandated pursuant to ORS 341.620.

"Bond Amount" means the outstanding principal amount of an Issuer's Pension Bonds at the time the Issuer enters into this Intercept Agreement, as revised pursuant to Article IV herein.

"Bond Payments" means the payments of principal, interest and premium, if any, due under each of the Pension Bonds.

"Business Day" means any day other than a Saturday, Sunday or a day on which the Trustee or the State is authorized by law to remain closed.

"Disbursement Schedule" refers to the schedule pursuant to which the Agency disburses State Education Revenues to Issuers in accordance with Article III hereof.

"Future Pension Bond Issuers" means the Oregon community college districts that issue Future Pension Bonds in accordance with Article IV, as shown in Exhibit A to this Intercept Agreement, or their successors. Such Future Pension Bond Issuers may or may not include some or all of the Series 2003 Issuers.

"Future Pension Bonds" means Pension Bonds, other than the Series 2003 Pension Bonds, that are issued by any Issuer in compliance with Article IV of this Intercept Agreement and which utilize this Intercept Agreement for the diversion of State Education Revenues.

"Insurer" means the insurer, if any, of the Series 2003 Pension Bonds or the obligations issued by the Trustee under the Series 2003 Trust Agreement, and any insurer of Future Pension Bonds or obligations secured by those Future Pension Bonds.

"Intercept Agreement" means this Intercept Agreement, including the exhibits attached hereto, and any amendments to this Intercept Agreement and its exhibits.

"Intercept Payments" means State Education Revenues transferred by the Agency to pay principal, interest and any premium on Pension Bonds pursuant to Section 3.1 of this Intercept Agreement.

"Intercept Schedule" means the schedule of Intercept Payments to the Trustee as further described in Section 3.1 hereof.

"Issuers" means Series 2003 Issuers and Future Pension Bond Issuers.

"Pension Bonds" means the Series 2003 Pension Bonds and any Future Pension Bonds.

"Security Payments" means the monthly payments that the Series 2003 Issuers are scheduled to make from September through May of each fiscal year in amounts which equal approximately 1/9th of the debt service on the Pension Bonds for each fiscal year. Intercept Payments received by the Trustee and any investment earnings available to the Trustee are credited against the obligation to make Security Payments as described in Section 3.1 hereof and in the Trust Agreement.

"Series 2003 Issuers" means the Oregon community college districts that issue Series 2003 Pension Bonds, as shown in Exhibit A to this Intercept Agreement, or their successors.

"Series 2003 Pension Bonds" means the Limited Tax Pension Bond or Bonds, Series 2003, dated as of April 23, 2003, issued by the Series 2003 Issuers.

"Series 2003 Trustee" means Wells Fargo Bank Northwest, National Association and its successors and assigns.

"Series 2003 Trust Agreement" means the Trust Agreement for the Series 2003 Pension Bonds with the Series 2003 Trustee.

"Special Counsel" means Preston Gates & Ellis LLP and its successors and assigns, or other nationally recognized bond counsel appointed at the request of the Issuers of 51% or more of the principal amount of Pension Bonds which are then outstanding.

"State" means the State of Oregon.

“State Education Revenues” means any funding for community college districts legally available to pay debt service on the Pension Bonds that is disbursed by the Agency.

“Trustee” means the Series 2003 Trustee and any trustee for Future Pension Bonds or obligations secured by Future Pension Bonds.

“Trust Agreement” means an agreement between a Trustee and one or more Issuers, which establishes a debt service trust fund with a Trustee for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act.

Section 1.3 Rules of Construction. References to section or article numbers in documents which do not specify the document in which the section or article is located shall be construed as references to section or article numbers in this Intercept Agreement.

ARTICLE II. REPRESENTATIONS, AUTHORIZATIONS, WARRANTIES AND COVENANTS OF ISSUERS, TRUSTEE AND THE AGENCY

Section 2.1 Representations, Authorizations, Warranties and Covenants of the Issuers. Each Issuer represents, authorizes, covenants and warrants for the benefit of the Trustee and the Agency as follows:

- (a) Each Issuer is a political subdivision of the State.
- (b) Each Issuer is authorized under the Act to enter into this Intercept Agreement and to perform all of its obligations under this Intercept Agreement.
- (c) Each Issuer has validly issued its Pension Bond and delivered it to the Trustee.
- (d) Each Issuer represents, covenants and warrants that all required action has been taken to ensure the enforceability of its obligations under this Intercept Agreement.
- (e) Each Issuer authorizes the Agency to divert State Education Revenues for the purpose of paying the debt service on each Issuer’s Pension Bonds from each Issuer’s portion of State Education Revenues in accordance with Section 2.3 hereof and pledges such diverted State Education Revenues to secure each Issuer’s Pension Bond.
- (f) Under ORS 288.594, such pledge of lien on and security interest in the State Education Revenues shall have the priority of lien provided for in ORS 288.594(4). ORS 288.594(2) provides that the Uniform Commercial Code does not apply to the creation, priority or enforcement of a lien of a pledge made by a public body such as each Issuer.
- (g) Each Issuer covenants not to enter into any other agreement with the Agency whereby State Education Revenues would be diverted in time or priority before diversion for the Pension Bonds.
- (h) Each Issuer authorizes the Trustee to invoice for and to receive moneys for the purpose of paying the debt service on its Pension Bond, diverted from each Issuer’s portion of State Education Revenues, and apply those moneys to make debt service payments, pursuant to the terms of this Intercept Agreement, the Trust Agreement and the Act.

(i) Each Issuer agrees to notify the Trustee of any actual or anticipated changes in the Disbursement Schedule within five (5) days of obtaining knowledge of such change.

Section 2.2 Representations, Warranties and Covenants of Trustee and Related Responsibilities of Agency. Each Trustee represents, covenants and warrants for the benefit of the Issuers for which it serves as Trustee and the Agency as follows:

(a) The Trustee is duly qualified to transact business of the type contemplated by this Intercept Agreement and the Trust Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Intercept Agreement will not violate the provisions of, or constitute a breach or default under, the articles of association, charter or bylaws of the Trustee or any agreement to which the Trustee is a party.

(c) The execution, delivery and performance by the Trustee of this Intercept Agreement and all related agreements, instruments and documents to which the Trustee is a party have been duly authorized and constitute legal, valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms.

(d) The Trust Agreement establishes a debt service trust fund with the Trustee for the purpose of paying the principal and interest and any premium on the Pension Bonds which have been issued under the Act, and provides that the Trustee shall hold the moneys paid into the debt service trust fund solely for the purpose of paying the principal and interest and any premium on Pension Bonds issued under the Act. The Trust Agreement also provides for the certificating of interests in the Pension Bonds to investors.

(e) The Trustee agrees to submit to the Agency no later than 15 days prior to the date on which an Intercept Payment is due, an invoice, showing the payments due, unless the Agency and Trustee agree to a different schedule. Any modification to the schedule for this Intercept Agreement as it pertains to the Series 2003 Pension Bonds shall apply as well to Future Pension Bonds.

(f) The Trustee agrees and covenants to deposit the Intercept Payments into the debt service trust fund it holds, and apply the Intercept Payments solely for the purpose of paying the principal and interest and premium, if any, on the Pension Bonds, pursuant to the terms of this Intercept Agreement.

(g) The Trustee agrees and covenants to invest any moneys in the debt service trust fund in legally authorized investments for community college districts, pursuant to the terms of the Trust Agreement.

(h) If the Trustee has reason to believe that the Disbursement Schedule has changed and the Trustee has not received notice pursuant to Section 2.3(e) or Section 2.3(f), the Trustee covenants to contact the Agency to ask the Agency to indicate whether the Disbursement Schedule has changed. If the inquiry reveals that the Disbursement Schedule has changed, the Agency shall provide the Trustee with the modified Disbursement Schedule pursuant to Section 2.3(f). The Trustee will provide the Issuers with a copy of any new Disbursement Schedule no later than ten (10) Business Days after the Trustee receives it, pursuant to Section 2.3(f). The Trustee will provide Issuers with a copy of any new Intercept Schedule within ten (10) days of such change.

Section 2.3 Representations, Warranties and Covenants of Agency and Related Responsibilities of Trustee. The Agency represents, covenants and warrants for the benefit of the Issuers and the Trustee as follows:

(a) The Agency is an agency of the State, duly qualified to transact business of the type contemplated by this Intercept Agreement and is the Agency which is authorized to receive and disburse State Education Revenue payments on behalf of the Issuers.

(b) The execution, delivery and performance by the Agency of this Intercept Agreement has been duly authorized and constitutes a legal, valid and binding obligation of the Agency, enforceable against the Agency in accordance with its terms.

(c) The Agency shall make the Intercept Payments as provided in Section 3.1 hereof.

(d) The Agency shall make Intercept Payments for each Issuer to the appropriate Trustee from the first State Education Revenues available to that Issuer. While any Intercept Payment for an Issuer is due or overdue, the Agency shall not disburse any State Education Revenues to that Issuer until all those Intercept Payments have been paid to the Trustee, unless the Trustee notifies the Agency that the affected Issuer has made Security Payments to the Trustee which cover the deficiency.

(e) Unless the Agency and Trustee agree to a different schedule, not later than June 15 of each year the Trustee shall send the Agency a request for information to be supplied in substantially the form attached as Exhibit B, and the Agency shall respond to that request for information by completing the request form not later than June 30 of that year. The request for information shall ask the Agency to describe any changes the Agency reasonably expects to be made to the Disbursement Schedule then in effect for the following fiscal year, including the allocation dates and amounts for State Education Revenues, and whether the Agency reasonably expects that those changes would impair the ability of the Agency to make Intercept Payments in whole, in part, or in accordance with the then existing Intercept Schedule, and the amount of State Education Revenues that have been estimated for each Issuer for the following fiscal year.

(f) To the extent the Disbursement Schedule has been modified or is expected to be modified, and the Agency has not notified the Trustee pursuant to Section 2.3(e), the Agency shall provide the Trustee with the actual or anticipated alternate Disbursement Schedule.

(g) The Agency covenants to cooperate in the assignment of this Intercept Agreement or the responsibilities hereunder to another agency of the State to the extent the responsibility for the distribution of State Education Revenues is assumed by another agency of the State.

ARTICLE III. PAYMENT OBLIGATIONS

Section 3.1 Payment, Calculation and Invoicing of Intercept Payments.

(a) The Agency shall make Intercept Payments in the amounts and on the dates shown in the invoices provided to the Agency by each Trustee in accordance with this Section 3.1. The Trust Agreement obligates each Issuer to make monthly Security Payments to the Trustee from September through May of each fiscal year, in amounts which provide each Trustee with funds sufficient to pay debt service on the Pension Bonds when that debt service is due. The Trust Agreement provides that the Intercept Payments received by the Trustee for each Issuer will be credited against the Security Payments that are due from that Issuer.

(b) Except as provided in Section 3.1(c) below and unless the Agency and the Trustee agree in writing to a different schedule, for the period beginning with the date the Series 2003 Pension Bonds are issued and ending on the payment in full of all of the Pension Bonds, the Intercept Payments shall be due according to the initial Intercept Payment schedule described herein. Each Trustee shall invoice the Agency for each Intercept Payment at least 15 days prior to the date on which that Intercept Payment is due. The Agency shall make each Intercept Payment no later than the 15th day of the month in which the Intercept Payment is due. The Intercept Payments shall be due for the months of August, October and January and each Intercept Payment shall be approximately one third of each Issuer's debt service for the fiscal year. The first Intercept Payment shall be due on August 15, 2003. This schedule of Intercept Payments should provide each Trustee with Intercept Payments at times and in amounts that avoid Issuers being billed for, or required to make, Security Payments. Under the Trust Agreement, the August Intercept Payments will be credited against the Security Payments that are scheduled to be made in September, October and November; the October Intercept Payments will be credited against the Security Payments that are scheduled to be made in December, January and February, and the January Intercept Payments will be credited against the Security Payments that are scheduled to be made in March, April and May.

(c) If the Disbursement Schedule changes, the Agency shall notify each Trustee and the Series 2003 Trustee shall, if necessary, modify the schedule for an amount of Intercept Payments for each Trustee so that each Trustee continues to receive Intercept Payments for each Issuer in the amounts and at the times that are expected to avoid billings to, and Security Payments from, Issuers, as further described in the Trust Agreement.

(d) If, because of changes to the Disbursement Schedule or other reasons, the Agency is not able to make any Intercept Payment in full, the Agency shall disburse to the Trustee the greatest amount of State Education Revenues that are then available, and each Trustee shall credit those partial Intercept Payments against the next Security Payments that are scheduled to be paid by each affected Issuer, as provided in the Trust Agreement. If the Agency makes a partial Intercept Payment, unless Issuers have already made Security Payments to the Trustee that cover the deficiencies, the Trustee shall add to the next Intercept Payment the amount of any prior deficiencies in Intercept Payments.

(e) Failure by the Agency to make any Intercept Payment or payment by Issuers of any deficiencies in Intercept Payments shall not relieve the Agency from its obligation to make subsequent Intercept Payments.

Section 3.2 Notice of Nonpayment and Disbursement Schedule Change. In the event the Agency becomes aware it will not be able to make any portion of the Intercept Payments when they are due, the Agency will give the affected Trustee written notice within three (3) Business Days after the Agency is aware that a single or multiple Intercept Payments are not going to be made. In the event of any proposed change or modification in the Disbursement Schedule which would impact the Agency's ability to make Intercept Payments when due, the Agency will give written notice to the Trustee within three (3) Business Days after the Agency is aware of such proposed change or modification. The Trustee will provide the Issuers with a copy of such notice as soon as practicable, but in any case not later than ten (10) Business Days after the Trustee receives such notice.

Section 3.3 Non-Liability of Agency. Nothing in this Intercept Agreement, the Trust Agreement or any agreement entered into by the Agency in any manner obligates the Agency:

(a) to pay any amount on behalf of an Issuer that the Issuer is not otherwise entitled to receive under the law; or

(b) except for the diversion of State Education Revenues to the Trustee, to pay principal, interest and any premium on the Pension Bonds.

ARTICLE IV. FUTURE PENSION BONDS

Section 4.1 Future Pension Bonds. Future Pension Bonds may be issued only if: (a) the Future Pension Bond Issuers and any Trustee for the Future Pension Bonds authorize, execute and enter into this Intercept Agreement and agree to receive disbursements from the Agency on the same schedule as disbursements are made for all Pension Bonds; and, (b) the Future Pension Bonds satisfy the requirement listed in Section 4.2. If Future Pension Bonds are issued, the names of the Future Pension Bond Issuers and their Bond Amount shall be added to Exhibit A and for Issuers already listed on Exhibit A, the Bond Amount shall be revised on Exhibit A. Future Pension Bond Issuers and any Trustee for Future Pension Bonds shall execute this Intercept Agreement by signature of an authorized officer.

Any Trustee for Future Pension Bonds shall be listed in Exhibit C along with such Trustee's corresponding Future Pension Bonds. By agreeing to act as a Trustee for Future Pension Bonds, such Trustee hereby agrees to be bound by the terms and conditions of this Intercept Agreement including without limitation the application to Future Pension Bonds of the existing and any future Disbursement Schedules in effect for the Series 2003 Pension Bonds.

The Agency hereby agrees that at the time any Issuer or any Trustee executes this Intercept Agreement and is listed in the respective exhibits to this Intercept Agreement, the Agency shall be bound by the terms and conditions of this Intercept Agreement with respect to those parties.

If the Agency is required to make more than one Intercept Payment each month for any Issuer or Issuers, and the Agency does not have sufficient funds to make all the Intercept Payments for that Issuer or those Issuers, the Agency shall apply its available funds proportionally to make all Intercept Payments due for that Issuer or those Issuers.

Section 4.2 Limitation on Future Pension Bonds. An issue of pension bonds (the "Proposed Pension Bonds") will qualify as Future Pension Bonds only if the issuers of the Proposed Pension Bonds or the trustee for the Proposed Pension Bonds on behalf of the issuers files a certificate, dated as of the date of closing of the Proposed Pension Bonds, with the Agency and the Trustee for the Series 2003 Pension Bonds demonstrating that the Prior Revenues for each issuer in each of the three most recently completed fiscal years are not less than two (2.0) times the average aggregate annual debt service on the Proposed Pension Bonds and any outstanding Pension Bonds. For purposes of this Section 4.2, "Prior Revenues" means the amount of State Education Revenues distributed to the issuers of the Proposed Pension Bonds in a fiscal year. If an issuer merges or otherwise consolidates with other districts, the resulting entity shall be treated as having the debt service and Prior Revenues of the districts that merged into it. If an issuer separates into more than one district, each resulting entity shall be treated as having the portion of the debt service and Prior Revenues of the original entity attributable to such resulting entity.

Section 4.3 Other Obligations. Nothing shall prevent an Issuer or the Agency from entering into intercept agreements payable from State Education Revenues in connection with obligations that do not qualify as Future Pension Bonds. However, no payment may be made by the Agency under those intercept agreements at any time in any month for an Issuer until all payments due under this Intercept Agreement for that Issuer in that month have been paid in full.

ARTICLE V. MISCELLANEOUS

Section 5.1 Intercept Agreement Irrevocable. This Intercept Agreement is irrevocable.

Section 5.2 Effective Date. The Intercept Agreement will remain in effect until all Pension Bonds have matured or been redeemed.

Section 5.3 Binding Effect. This Intercept Agreement shall inure to the benefit of and shall be binding upon the Trustee, the Agency and the Issuers and their respective successors and assigns.

Section 5.4 Severability. In the event any provisions of this Intercept Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 5.5 Amendments. Except for changes in the Disbursement Schedule and the Intercept Schedule pursuant to Section 3.1(b) or Section 3.1(c) which do not require an amendment, and any amendments which do not materially adversely affect the Issuers or the holders of the Pension Bonds which amendments do not require consent, this Intercept Agreement may only be amended by the written consent of the Agency, the Trustee and 51% or more of the Issuers.

Section 5.6 Execution in Counterparts. This Intercept 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 5.7 Applicable Law. This Intercept Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intercept Agreement or the transactions contemplated hereby shall be brought in the United States District Court, District of Oregon.

Section 5.8 All Obligations Due on Business Days. If the date for making any payment, or the date for performing any act or exercising any right, as provided herein, is a day which is not a Business Day, such payment may be made, act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein, and no interest shall accrue for the period from and after such date.

Section 5.9 Headings. The headings, titles and table of contents in this Intercept Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intercept Agreement.

IN WITNESS WHEREOF, the Trustee, the Agency and the Issuers have executed this Intercept Agreement as of the date and year first written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Trustee**

By: _____
Authorized Officer

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: _____
**Cam Preus-Braly
Commissioner**

IN WITNESS WHEREOF, the Issuers have executed this Intercept Agreement as of the date and year first written.

_____ DISTRICT
_____ COUNTY (OR COUNTIES),
OREGON

By: _____
District Official

EXHIBIT A

PARTICIPATING COMMUNITY COLLEGE DISTRICTS

**OREGON COMMUNITY COLLEGE ASSOCIATION
LIMITED TAX PENSION BONDS**

<i>Series 2003 Issuers</i>	<i>Bond Amount</i>
Central Oregon Community College	\$11,535,637.70
Chemeketa Community College	25,374,368.95
Columbia Gorge Community College	3,570,327.10
Lane Community College	51,803,948.25
Mt Hood Community College	50,596,537.25
Treasure Valley Community College	10,701,480.35

Future Pension Bond Issuers

Bond Amount

EXHIBIT B

FORM OF REQUEST FOR INFORMATION

From: Oregon Department of Community Colleges and Workforce Development ("Agency")
255 Capitol Street NE
Salem, OR 97310-0203

To: Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 S.W. Fifth Avenue
Portland, OR 97201

Re: \$ _____ Oregon Community College Association Limited Tax Pension
Obligations, Series 2003

The undersigned hereby certifies as follows:

1. The anticipated disbursement schedule for distribution of any state funding for community college districts (the "State Education Revenues") legally available to pay debt service on the pension bonds issued under the above referenced financing (currently designated as the "Community College Support Fund"), for the following fiscal year, beginning July 1, _____, is as follows:

<u>District</u>	<u>Date or Dates of Payment</u>	<u>Payment Amount</u>
-----------------	---------------------------------	-----------------------

2. If the timing of the disbursement schedule or the amounts to be disbursed identified in paragraph #1 above is different from that currently in effect, please describe these changes. Discuss the duration of these changes and whether the Agency expects that they will be in effect for more than the next fiscal year. If not, discuss the future disbursement schedule changes that are anticipated. Discuss whether the Agency reasonably expects that those changes will impair the ability of the Agency to make Intercept Payments in whole, in part or in accordance with the previously agreed upon Disbursement Schedule.

DATED: _____, 200_.

**OREGON DEPARTMENT OF COMMUNITY
COLLEGES AND WORKFORCE
DEVELOPMENT**

By: _____
Authorized Officer

EXHIBIT C
TRUSTEE FOR FUTURE PENSION BONDS

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COPY

No. R-1

\$955,000.00

UNITED STATES OF AMERICA
STATE OF OREGON
Oregon Community College Districts Limited Tax Pension Obligations
Series 2003 A
(Deferred Interest Obligations)

Dated Date: April 23, 2003
Approximate Yield to Maturity: 1.40%
Maturity Date: June 30, 2004
CUSIP Number: 68583R AA0
Registered Owner: ----Cede & Co.----
Maturity Amount: -----Nine Hundred Fifty-Five Thousand Dollars-----

This is to certify that the Registered Owner named above (the "Owner") is the owner of a proportionate and undivided interest in, and right to receive the principal components of the Pension Bond Payments which are scheduled to be paid on the Maturity Date indicated above and the interest component of the Pension Bond Payments which accrue on those principal components, as defined and provided in the Series 2003 Trust Agreement between Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee"), and the Series 2003 Issuers of the Series 2003 Pension Bonds named therein which is dated as of April 23, 2003 and relates to this Series 2003 A Obligation (the "Series 2003 Trust Agreement").

This Series 2003 A Obligation is a deferred interest obligation. The Maturity Amount of this Series 2003 A Obligation represents the original principal amount, plus accrued, compounded interest to the Maturity Date. No Payments are due to the Owner of this Series 2003 A Obligation until the stated Maturity Date.

Interest on this Series 2003 A Obligation will compound on each June 30 and December 30, commencing June 30, 2003 (each a "Compounding Date"), at the approximate yield to maturity set forth on the inside cover of the final Official Statement dated April 10, 2003 (together with the principal thereof, the "Accreted Value"). The Accreted Value, as set forth in the Accreted Value Table in the final Official Statement, is the total amount of principal and accrued interest represented by this Series 2003 A Obligation determined for each Compounding Date.

This Series 2003 A Obligation is one of the \$73,067,299.60 aggregate original principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 A (Deferred Interest Obligations), executed and delivered by the Series 2003 Trustee pursuant to the Series 2003 Trust Agreement. The Series 2003 Trust Agreement specifies the terms on which the Obligations are delivered, the rights of the Owners of the Series 2003 A Obligations, the rights, duties and immunities of the Series 2003 Trustee and the rights and obligations of the Series 2003 Issuers of the Series 2003 Pension Bonds. The terms of the Series 2003 Trust Agreement are hereby incorporated into this Series 2003 A Obligation by this reference. Capitalized terms used, but not defined, in this Series 2003 A Obligation have the meanings defined for such terms in the Series 2003 Trust Agreement.

The Series 2003 Issuers have issued the Series 2003 Pension Bonds to finance liabilities to the Oregon Public Employees Retirement System. The Series 2003 Issuers have sold the Series 2003 Pension

Y900

Bonds to the Series 2003 Trustee. The Series 2003 Trustee holds its right to receive Pension Bond Payments in trust for the benefit of the Owner pursuant to the Series 2003 Trust Agreement.

Each Series 2003 Pension Bond is a full faith and credit obligation of its Series 2003 Issuer, which its Series 2003 Issuer is obligated to pay from any legally available funds as more specifically set forth in each Series 2003 Pension Bond.

The Series 2003 A Obligations are not subject to prepayment.

The Series 2003 Trustee has no obligation or liability to the Owners to pay the Series 2003 A Obligations from any source except the Pension Bond Payments and from any amounts available in the funds and accounts established under the Series 2003 Trust Agreement.

The ownership of this Series 2003 A Obligation is transferable only as provided in the Series 2003 Trust Agreement.

This Series 2003 A Obligation shall remain in the Series 2003 Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Series 2003 Trustee and The Depository Trust Company.

IN WITNESS WHEREOF, this Series 2003 A Obligation has been executed and delivered by Wells Fargo Bank Northwest, National Association, as Series 2003 Trustee, acting pursuant to the Series 2003 Trust Agreement.

Wells Fargo Bank Northwest,
National Association, as Series 2003 Trustee

By: [Signature]
Authorized Officer

THIS CERTIFICATE SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 A (Deferred Interest Obligations) issued in accordance with the Series 2003 Trust Agreement described herein.

Date of authentication: April 23, 2003.

Wells Fargo Bank Northwest, National Association, as Paying Agent

By: [Signature]
Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) (the "Obligations"), such policy being on file at the principal office of Wells Fargo Bank Northwest, National Association (the "Paying Agent"):

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue - 11th Floor
Portland, OR 97201
Telephone: (503) 886-1367
Facsimile: (503) 886-3300

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Obligationholders that portion of the principal of and interest on the Obligations which is then due for payment and which the Series 2003 Issuers of the Obligations (collectively, the "Series 2003 Issuers") shall have failed to provide. Due for payment means, with respect to principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund prepayment and does not refer to any earlier date on which the payment of principal of the Obligations is due by reason of call for prepayment (other than mandatory sinking fund prepayment), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Obligationholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Series 2003 Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Series 2003 Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Obligationholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Obligationholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Obligationholder.

As used herein, the term "Obligationholder" means the person other than the Series 2003 Issuer or the borrower(s) of Obligation proceeds who at the time of nonpayment of a Obligation is entitled under the terms of such Obligation to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ASSIGNMENT

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

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

this Series 2003 A Obligation and does hereby irrevocably constitute and appoint as attorney to transfer this Series 2003 A 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 Series 2003 A Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2003 A 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.

LEGAL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

April 23, 2003

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue - 11th Floor
Portland, OR 97201

Re: Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds; nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

COPY

No. R-1

\$14,880,000

UNITED STATES OF AMERICA
STATE OF OREGON
Oregon Community College Districts Limited Tax Pension Obligations
Series 2003 B
(Current Interest Obligations)

Dated Date: April 23, 2003
Interest Rate: 5.66%
Maturity Date: June 30, 2024
CUSIP Number: 68583R AW2
Registered Owner: ---Cede & Co.---
Principal Amount: ---Fourteen Million Eight Hundred Eighty Thousand Dollars---

This is to certify that the Registered Owner named above (the "Owner") is the owner of a proportionate and undivided interest in and right to receive the principal components of the Pension Bond Payments which are scheduled to be paid on the Maturity Date indicated above and the interest component of the Pension Bond Payments which accrue on those principal components, as defined and provided in the Series 2003 Trust Agreement between Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee"), and the Series 2003 Issuers of the Series 2003 Pension Bonds named therein which is dated as of April 23, 2003 and relates to this Series 2003 B Obligation (the "Series 2003 Trust Agreement").

This Series 2003 B Obligation is one of the \$80,515,000 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 B (Current Interest Obligations), executed and delivered by the Series 2003 Trustee pursuant to the Series 2003 Trust Agreement. The Series 2003 Trust Agreement specifies the terms on which the Series 2003 B Obligations are delivered, the rights of the Owners of the Obligations, the rights, duties and immunities of the Series 2003 Trustee and the rights and obligations of the Series 2003 Issuers of the Series 2003 Pension Bonds. The terms of the Series 2003 Trust Agreement are hereby incorporated into this Series 2003 B Obligation by this reference. Capitalized terms used, but not defined, in this Series 2003 B Obligation have the meanings defined for such terms in the Series 2003 Trust Agreement.

This Series 2003 B Obligation represents an ownership interest in and a right to receive (a) up to the Principal Amount identified above, representing a portion of the principal component (based on the Principal Amount of this Series 2003 B Obligation identified above) of the Pension Bond Payments due on the maturity date of this Series 2003 B Obligation, whether that payment is made at maturity or is prepaid, and, (b) the interest components of the Pension Bond Payments which are allocable to that principal component. Interest payments are scheduled to be made on June 30 and December 30 of each year (the "Payment Dates" or singularly, "Payment Date"), commencing December 30, 2003.

The Series 2003 Issuers have issued the Series 2003 Pension Bonds to finance liabilities to the Oregon Public Employees Retirement System. The Series 2003 Issuers have sold the Series 2003 Pension Bonds to the Series 2003 Trustee. The Series 2003 Trustee holds its right to receive Pension Bond Payments in trust for the benefit of the Owner pursuant to the Series 2003 Trust Agreement.

COPY

Each Series 2003 Pension Bond is a full faith and credit obligation of its Series 2003 Issuer, which its Series 2003 Issuer is obligated to pay from any legally available funds as more specifically set forth in each Series 2003 Pension Bond.

The Series 2003 B Obligations are subject to mandatory prepayment on the terms specified in the Series 2003 Trust Agreement.

The Series 2003 Trustee has no obligation or liability to the Owners to pay the Series 2003 B Obligations from any source except the Pension Bond Payments and from any amounts available in the funds and accounts established under the Series 2003 Trust Agreement.

The ownership of this Series 2003 B Obligation is transferable only as provided in the Series 2003 Trust Agreement.

This Series 2003 B Obligation shall remain in the Series 2003 Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Series 2003 Trustee and The Depository Trust Company.

IN WITNESS WHEREOF, this Series 2003 B Obligation has been executed and delivered by Wells Fargo Bank Northwest, National Association, as Series 2003 Trustee, acting pursuant to the Series 2003 Trust Agreement.

Wells Fargo Bank Northwest
National Association, as Series 2003 Trustee

By: [Signature]
Authorized Officer

THIS CERTIFICATE SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 B (Current Interest Obligation) issued in accordance with the Series 2003 Trust Agreement described herein.

Date of authentication: April 23, 2003.

Wells Fargo Bank Northwest, National Association, as Paying Agent

By: [Signature]
Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) (the "Obligations"), such policy being on file at the principal office of Wells Fargo Bank Northwest, National Association (the "Paying Agent"):

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue - 11th Floor
Portland, OR 97201
Telephone: (503) 886-1367
Facsimile: (503) 886-3300

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Obligationholders that portion of the principal of and interest on the Obligations which is then due for payment and which the Series 2003 Issuers of the Obligations (collectively, the "Series 2003 Issuers") shall have failed to provide. Due for payment means, with respect to principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund prepayment and does not refer to any earlier date on which the payment of principal of the Obligations is due by reason of call for prepayment (other than mandatory sinking fund prepayment), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Obligationholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Series 2003 Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Series 2003 Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Obligationholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Obligationholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Obligationholder.

As used herein the term "Obligationholder" means the person other than the Series 2003 Issuer or the borrower(s) of Obligation proceeds who at the time of nonpayment of a Obligation is entitled under the terms of such Obligation to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

ASSIGNMENT

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

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

this Series 2003 B Obligation and does hereby irrevocably constitute and appoint as attorney to transfer this Series 2003 B 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 Series 2003 B Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Signature Guaranteed

(Bank, Trust Company or Brokerage

Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2003 B 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.

LEGAL OPINION

PRESTON GATES & ELLIS LLP
Attorneys at Law
222 S.W. Columbia Street, Suite 1400
Portland, Oregon 97201
Telephone: 503-228-3200

April 23, 2003

Wells Fargo Bank Northwest, National Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

*Re: Oregon Community College Association Limited Tax Pension Obligations,
Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred
Interest) and \$80,515,000 Series 2003B (Current Interest)*

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Association Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated

herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP
Attorneys

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

FGIC

COPY

A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer: Wells Fargo Bank Northwest, National
Association, as Trustee, Oregon

Policy Number: 03010499

Control Number: 0010001

Bonds: \$153,582,299.60 in initial aggregate
principal amount of Oregon Community College
Districts Limited Tax Pension Obligations,
Series 2003A (Deferred Interest Obligations)
and Series 2003B (Current Interest
Obligations)

Premium: \$500,401.29

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association, or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice,



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond New Issue Insurance Policy

subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: April 23, 2003

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number: 03010499

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: April 23, 2003

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Endorsement

To Financial Guaranty Insurance Company

Insurance Policy

Policy Number: 03010499

Control Number: 0010001

It is further understood that with respect to the Bonds maturing on June 30 in the years 2004 through 2023, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: April 23, 2003

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number: 03010499

Control Number: 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Bondholder" shall not include the Issuers (as such term is defined in the bond documentation).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: April 23, 2003

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

Wells Fargo Bank Northwest, National Association

[Name of Issuer]

on behalf of Oregon Community
College Districts

April 15, 2003

[Date]

[For Municipal Issues:

Underwriting Department—Eligibility; 50th Floor]

[For Corporate Issues:

General Counsel's Office; 49th Floor]

The Depository Trust Company

55 Water Street

New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

on behalf of Oregon Community
College Districts:
Wells Fargo Bank Northwest, National Association

(Issuer)

Association

By: _____

(Authorized Officer's Signature)

Alice Garrett, Vice President

(Print Name)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

1300 S.W. Fifth Avenue, 11th Fl.,
(Street Address) MAC P6101-114

Portland, OR 97201

(City) (State) (Country)

(Zip Code)

503) 886-1367

(Phone Number)

alice.j.garrett@wellsfargo.com

(E-mail Address)



The Depository Trust &
Clearing Corporation

(To Blanket Issuer Letter of Representations)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

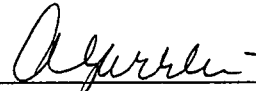
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

OFFICERS' CERTIFICATE

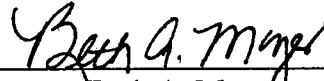
We, Alice Garrett and Beth A. Moyer, duly appointed officers of Wells Fargo Bank Northwest, National Association (the "Bank"), hereby certify as follows:

Pursuant to a Resolution Relating to Exercise of Fiduciary Power adopted by the Board of Directors of the Bank, we have approved the execution by the Bank of an appointment to act as Trustee, Registrar, and Paying Agent under the Trust Agreement, dated as of April 23, 2003, between the Bank and the Issuers of the Limited Tax Pension Bonds in connection with the issuance of \$153,582,299.60 Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable).

Dated this 23rd day of April, 2003.



A. Garrett
Vice President



Beth A. Moyer
Assistant Vice President

CERTIFICATE OF ASSISTANT SECRETARY

I, Brent Ayre, Vice President and a duly elected and qualified Assistant Secretary of the Board of Directors of Well Fargo Bank Northwest, National Association (the "Association"), hereby certify as follows:

1. The Association is a national banking association duly organized, validly existing and in good standing under the laws of the United States. With respect thereto, the following is noted:

A. Pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., the Comptroller of the Currency charters and exercises regulatory and supervisory authority over all national banking associations;

B. On December 9, 1881, The First National Bank of Ogden, Utah, was chartered as a national banking association under the laws of the United States and under Charter No. 2597;

C. On October 2, 1922, in connection with the consolidation of The First National Bank of Ogden, Ogden, Utah, and The Utah National Bank of Ogden, Ogden, Utah, the name was changed to "The First & Utah National Bank of Ogden"; on January 18, 1923, The First & Utah National Bank of Ogden changed its name to "First Utah National Bank of Ogden"; on January 19, 1926, the name was changed to "First National Bank of Ogden"; on February 24, 1934, the name was changed to "First Security Bank of Utah, National Association"; on June 21, 1996, the name was changed to "First Security Bank, National Association";

D. On April 21, 2001, in connection with the acquisition by Wells Fargo & Company of First Security Corporation, the name of the Association was changed to "Wells Fargo Bank Northwest, National Association"; and

E. Wells Fargo Bank Northwest, National Association, Ogden, Utah, continues to hold a valid certificate to do business as a national banking association.

2. The Association's Articles of Association, as amended, are in full force and effect, and a true, correct and complete copy is attached hereto as Exhibit A and incorporated herein by reference. Said Articles were last amended effective April 21, 2001, as required by law on notice at a duly called special meeting of the shareholders of the Association.

3. The Association's By-Laws, as amended, are in full force and effect; and a true, correct and complete copy is attached hereto as Exhibit B and incorporated herein by reference. Said By-Laws, still in full force and effect, were adopted September 17, 1942, by resolution, after proper notice of consideration and adoption of By-Laws was given to each and every shareholder, at a regularly called meeting of the Board of Directors with a quorum present.

4. Pursuant to the authority vested in it by an Act of Congress approved December 23, 1913 and known as the Federal Reserve Act, as amended, the Federal Reserve Board (now the Board of Governors of the Federal Reserve System) has granted to the Association, now known as "Wells Fargo Bank Northwest, National Association" of Ogden, Utah, the right to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National Banks are permitted to act under the laws of the State of Utah; and under the provisions of applicable law, the authority so granted remains in full force and effect.

5. Pursuant to authority vested by Act of Congress (12 U.S.C. 92a and 12 U.S.C. 481, as amended) the Comptroller of the Currency has issued Regulation 9, as amended, dealing, in part, with the Fiduciary Powers of National Banks, said regulation providing in subparagraph 9.7 (a) (1-2):

(1) The board of directors is responsible for the proper exercise of fiduciary powers by the Bank. All matters pertinent thereto, including the determination of policies, the investment and disposition of property held in fiduciary capacity, and the direction and review of the actions of all officers, employees, and committees utilized by the Bank in the exercise of its fiduciary powers, are the responsibility of the board. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of such of the Bank's fiduciary powers as it may consider proper to assign to such director(s), officer(s), employee(s) or committee(s) as it may designate.

(2) No fiduciary account shall be accepted without the prior approval of the board, or of the director(s), officer(s), or committee(s) to whom the board may have designated the performance of that responsibility.

6. An Account Acceptance and General Signature Resolution to Exercise Fiduciary Powers was adopted by the Board of Directors at a meeting held April 23, 2001 at which time a quorum was present; said resolution is still in full force and effect and has not been rescinded. Said resolution is attached hereto as Exhibit C and is incorporated herein by reference.

7. Attached hereto as Exhibit D and incorporated herein by reference, is a listing of facsimile signatures of persons authorized by the Board of Directors (herein "Authorized Signatory or Signatories") on behalf of the Association and Corporate Trust Services to act in exercise of its fiduciary powers.

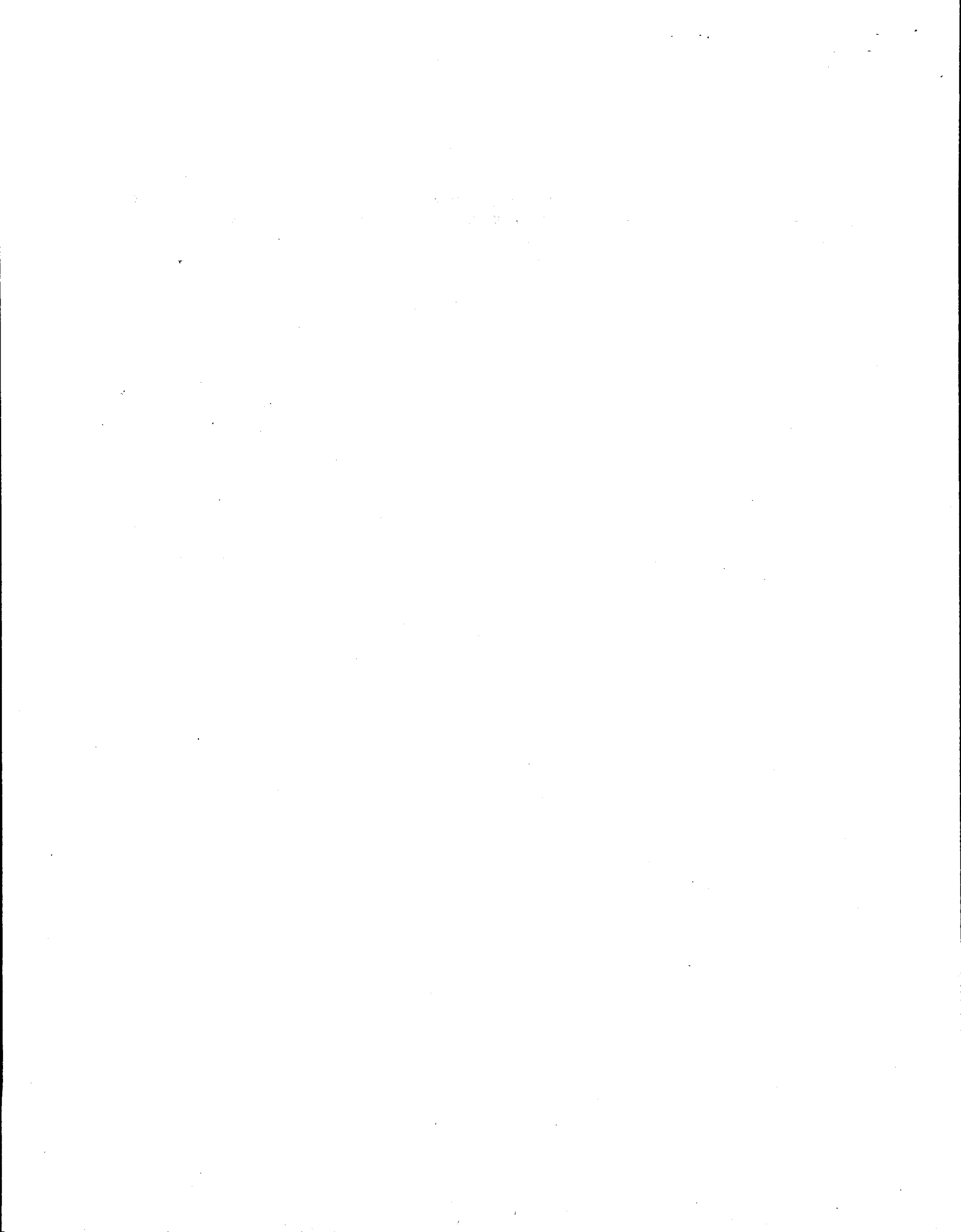
8. The principal office of Wells Fargo Bank Northwest, National Association, Corporate Trust Services is located at 299 South Main Street, Salt Lake City, Utah 84111 and all records relating to fiduciary accounts are available through such principal office.

9. Each Authorized Signatory (i) is a duly elected or appointed, duly qualified officer or employee of the Association; (ii) holds the office or job title set forth below his or her name on the date hereof; (iii) and the facsimile signature appearing opposite the name of each such officer or employee is a true replica of his or her signature.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Association this 23rd day of April, 2003.




Brent Ayre
Vice President
Assistant Secretary



**ARTICLES OF ASSOCIATION
OF
WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION
(As Amended)**

FIRST. The name and title of this Association shall be Wells Fargo Bank Northwest, National Association; the Association in conjunction with its said legal name may also use Wells Fargo Bank Northwest, N.A.

SECOND. The place where the main banking house or office of this Association shall be located shall be Ogden, County of Weber, State of Utah. Its general business and its operations of discount and deposit shall also be carried on in said city, and the branch or branches established or maintained by it in accordance with the provisions of Section 36 of Title 12, United States Code. The Board of Directors shall the power to change the location of the main office of this Association (i) to any other authorized branch location within the limits of Ogden, Utah, without the approval of the shareholders of this Association and upon notice to the Comptroller of the Currency or, (ii) to any other place within Ogden, Utah, or within thirty (30) miles of Ogden, Utah, with the approval of the shareholders and the Comptroller of the Currency. The Board of Directors shall have the power to change the location of any branch or branches of this Association to any other location, without the approval of the shareholders of this Association but subject to the approval of the Comptroller of the Currency.

THIRD. The Board of Directors of the consolidated association shall consist of not less than five (5) nor more than twenty-five (25) of its shareholders.

FOURTH. There shall be an annual meeting of the shareholders the purpose of which shall be the election of Directors and the transaction of whatever other business may be brought before said meeting. It shall be held at the main office of the Bank or other convenient place as the Board of Directors may designate, on the third Monday of March of each year, but if no election is held on that day, it may be held on any subsequent day according to such lawful rules as may be prescribed by the Board of Directors. Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the Bank entitled to vote for election of directors. Nominations, other than those made by or on behalf of the existing management of the Bank, shall be made in writing and shall be delivered or mailed to the President of the Bank and to the Comptroller of the Currency, Washington, D.C., not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors, provided, however, that if less than 21 days notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the President of the Bank and to the Comptroller of the Currency not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of the Bank that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of capital stock of the Bank owned by the notifying shareholder. Nominations not made in accordance herewith may, in his discretion, be disregarded by the Chairman of the

meeting, and upon his instructions, the voting inspectors may disregard all votes cast for each such nominee.

FIFTH. The authorized amount of capital stock of this Association shall be One Hundred Million Dollars (\$100,000,000.00), divided into 4,000,000 shares of common stock of the par value of Twenty-five Dollars (\$25.00) each; provided, however, that said capital stock may be increased or decreased from time to time, in accordance with the provision of the laws of the United States. The shareholders of this Association shall not have any pre-emptive rights to acquire unissued shares of this Association.

SIXTH. (1) The Board of Directors shall appoint one of its members President of this Association. It may also appoint a Chairman of the Board, and one or more Vice Chairman. The Board of Directors shall have the power to appoint one or more Vice Presidents, at least one of whom shall also be a member of the Board of Directors, and who shall be authorized, in the absence of the President, to perform all acts and duties pertaining to the office of the President; to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association; to fix the salaries to be paid to such officers or employees and appoint others to take their place.

(2) The Board of Directors shall have the power to define the duties of officers and employees of this Association and to require adequate bonds from them for the faithful performance of their duties; to make all By-Laws that may be lawful for the general regulation of the business of this Association and the management of its affairs, and generally to do and perform all acts that may be lawful for a Board of Directors to do and perform.

(3) Each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, estate or other enterprise or was acting in furtherance of the Association's business shall be indemnified against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, no indemnification shall be given to a person adjudged guilty of, or liable for, willful misconduct, gross neglect of duty, or criminal acts or where there is a final order assessing civil money penalties or requiring affirmative action by such person in the form of payments to the Association. The termination of any action, suit or proceeding by judgment, order, settlement, or its equivalent, shall not of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association.

(4) Each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association (such action or suit being known as a "derivative proceeding") to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, estate or other enterprise shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be given where there is a final order assessing civil money penalties or requiring affirmative action by such person in the form of payments to the Association; and provided further that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(5) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in (3) or (4) of this Article or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

(6) Any indemnification under (3) or (4) of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a reasonable determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in (3) or (4) of this Article. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (c) by the stockholders.

(7) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in (6) of this Article (i) if the Board of Directors determines, in writing, that (1) the director, officer, employee or agent has a substantial likelihood or prevailing on the merits; (2) in the event the director, officer, employee or agent does not prevail, he or she will have the financial capability or reimburse the Association; and (3) payment of expenses by the Association will not adversely affect its safety and soundness; and (ii) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

(8) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, successors in interest, and administrators of such a person.

SEVENTH. This Association shall have succession from the date of its organization certificate until such time as it be dissolved by the act of its shareholders in accordance with the provisions of the banking laws of the United States, or until its franchise becomes forfeited by reason of violation of law, or until terminated by either a general or a special act of Congress, or until its affairs be placed in the hands of a receiver and finally wound up by him.

EIGHTH. The Board of Directors of this Association, or any three or more shareholders owning, in the aggregate, not less than ten per centum of the stock of this Association, may call a special meeting of shareholders at any time: Provided, however, that unless otherwise provided by law, not less than ten days prior to the date fixed for any such meeting, a notice of the time, place and purpose of the meeting shall be given by first-class mail, postage prepaid, to all shareholders of record of this Association. These Articles of Association may be amended at any regular or special meeting of the Shareholders by the affirmative vote of the shareholders owning at least a majority of the stock of this Association, subject to the provisions of the banking laws of the United States. The notice of any shareholders' meeting, at which an amendment to the Articles of Association of this Association is to be considered shall be given as hereinabove set forth.

**BY-LAWS
OF
WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**

ARTICLE I

Meetings of Shareholders

Section 1.1 Annual Meeting. The regular annual meeting of the shareholders for the election of directors and the transaction of whatever other business may properly come before the meeting shall be held at the main office of the Association in Ogden, or such other place as the Board of Directors may designate, at 10:30 a.m., on the fourth Monday of April in each year. If for any cause the annual meeting of shareholders for the election of directors is not held on the date fixed in this by-law, such meeting may be held on some other day, notice thereof having been given in accordance with the requirements of 12 U.S.C. §75, and the meeting conducted according to the provisions of these by-laws.

Section 1.2 Special Meetings. Except as otherwise specifically provided by statute, special meetings of shareholders may be called for any purpose at any time by the Board of Directors, by the President, or by any one or more shareholders owning in the aggregate not less than twenty-five percent of the then outstanding shares, as provided in Article Ninth of the Articles of Association.

Section 1.3 Notice of Meetings. A notice of each annual or special shareholders' meeting, setting forth the time, place, and purpose of the meeting, shall be given, by first-class mail, postage prepaid, to each shareholder of record at least ten days prior to the date on which such meeting is to be held; but any failure to mail such notice of any annual meeting, or any irregularity therein, shall not affect the validity of such annual meeting or of any of the proceedings thereat. Notwithstanding anything in these by-laws to the contrary, a valid shareholders' meeting may be held without notice whenever notice thereof shall be waived in writing by all shareholders, or whenever all shareholders shall be present or represented at the meeting.

Section 1.4 Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business, and may transact any business except such as may, under the provisions of law, the Articles of Association, or these by-laws, require the vote of holders of a greater number of shares. If, however, such majority shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of voting stock shall be present. At any such adjourned meeting at which the requisite amount of voting stock shall be represented, any business may be transacted which might have been transacted at the meeting as originally called.

Section 1.5 Proxies and Voting Rights. At each meeting of the shareholders each shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder, which proxy shall be valid for that meeting or any adjournments thereof, shall be dated, and shall be filed with the records of the meeting. No officer or employee of this Association may act as proxy. Each shareholder shall have one vote for each share of stock having voting power which is registered in his name on the books of the Association. Voting for the election of directors and voting upon any other matter which may be brought before any shareholders' meeting may, but need not, be by ballot, unless voting by ballot be requested by a shareholder present at the meeting.

Section 1.6 Proceedings and Record. The Chairman of the Board shall preside at all meetings of the shareholders or, in case of his absence or inability to act, the President or, in case of the absence or inability to act of both of them, any Vice President may preside at any such meeting. The presiding officer shall appoint a person to act as secretary of each shareholders' meeting; provided, however, that the shareholders may appoint some other person to preside at their meetings or to act as secretary thereof. A record of all business transacted shall be made of each shareholders' meeting showing, among other things, the names of the shareholders present and the number of shares of stock held by each, the names of the shareholders represented by proxy and the number of shares held by each, the names of the proxies, the number of shares voted on each motion or resolution and the number of shares voted for each candidate for director. This record shall be entered in the minute book of the Association and shall be subscribed by the secretary of the meeting.

ARTICLE II

Directors

Section 2.1 Board of Directors. The Board of Directors (hereinafter referred to as the "Board") shall have power to manage and administer the business and affairs of the Association. Except as expressly limited by law, all corporate powers of the Association shall be vested in and may be exercised by the Board.

Section 2.2 Number and Qualifications. The Board shall consist of not less than five nor more than twenty-five persons, the exact number within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board or by resolution of the shareholders at any meeting thereof; provided, however, that a majority of the full Board may not increase the number of directors to a number which (i) exceeds by more than two the number of directors last elected by shareholders where such number was fifteen or less; and (ii) exceeds by more than four the number of directors last elected by shareholders where such number was sixteen or more, but in no event shall the number of directors exceed twenty-five.

Each director shall, during the full term of his directorship, be a citizen of the United States, and at least two-thirds of the directors shall have resided in the state in which the main office of the Association is located, or within one hundred miles of the location of the office of the Association, for at least one year immediately preceding their election, and shall be residents of the state in which the main office of the Association is located or within a one-hundred-mile territory of the location of the Association during their continuance in office. Each

director, during the full term of his directorship, shall own a minimum of \$1,000 par value of stock of this Association or an equivalent interest, as determined by the Comptroller of the Currency, in any company which has control over this Association within the meaning of Section 2 of the Bank Holding Company Act of 1956, as amended.

Section 2.3 Organization Meeting. A meeting of the newly elected Board shall be held at the main office of this Association, without notice, immediately following the adjournment of the annual meeting of the shareholders, or at such other time and at such other place to which said meeting may be adjourned. No business shall be transacted at any such meeting until a majority of the directors elected shall have taken an oath of office as prescribed by law, and no director elected shall participate in the business transacted at any such meeting of the Board until he shall have taken said oath. If at any such meeting there is not a quorum of the directors present who shall have taken the oath of office, the members present may adjourn the meeting from time to time until a quorum is secured. At such meeting of the newly elected Board, if a quorum is present, the directors may elect officers for the ensuing year and transact any and all business which may be brought before them.

Section 2.4 Regular Meetings. The regular meetings of the Board may be held at such time and place as shall from time to time be determined by the Board. When any regular meeting of the Board falls upon a holiday, the meeting shall be held on the next banking business day.

Section 2.5 Special Meetings. Special meetings of the Board may be called by the Chairman of the Board, the President, the Cashier or the Secretary, and shall be called at the request of one-third or more of the directors.

Section 2.6 Notice of Meetings. Each member of the Board shall be given not less than one day's notice by telephone, telegram, letter, or in person, stating the time and place of any regular or special meeting; such notice may, but need not, state the purpose of said meeting. Notwithstanding anything in these by-laws to the contrary, a valid directors' meeting may be held without notice whenever notice thereof shall be waived in writing by all of the directors, or whenever all of the directors are present at the meeting.

Section 2.7 Quorum and Voting. A majority of the directors shall constitute a quorum at all directors' meetings. Except where the vote of a greater number of directors is required by the Articles of Association, these by-laws or under provisions of law, the vote of a majority of the directors at a meeting at which a quorum is present shall be sufficient to transact business.

Section 2.8 Proceedings and Record. The Chairman of the Board, if such officer shall have been designated by the Board, shall preside at all meetings thereof, and in his absence or inability to act (or if there shall be no Chairman of the Board) the President, and in his absence or inability to act any other director appointed chairman of the meeting pro tempore, shall preside at meetings of the directors. The Cashier, or Secretary, or any other person appointed by the Board, shall act as secretary of the Board and shall keep accurate minutes of all meetings.

Section 2.9 Electronic Communications. A conference among directors by any means of communication through which the directors may simultaneously hear each other during the

conference constitutes a Board meeting, if the same notice is given of the conference as would be required for a meeting, and if the number of directors participating in the conference would be sufficient to constitute a quorum at a meeting. A director may participate in a regular or special Board meeting by any means of communication through which the director, other directors so participating and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by any means referred to in this Section 2.9 constitutes presence in person at the meeting.

Section 2.10 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of the Association may be taken without a meeting by written action signed by all of the directors.

Section 2.11 Vacancies. Any vacancy in the Board may be filled by appointment at any regular or special meeting of the Board by the remaining directors in accordance with the laws of the United States, and any director so appointed shall hold his place until the next election.

ARTICLE III

Committees of the Board

Section 3.1 Executive Committee. The Board may appoint annually or more often an Executive Committee consisting of three or more directors. In the event an Executive Committee is appointed, the Executive Committee shall have the power to approve, review, and delegate authority to make loans and otherwise extend credit and to purchase and sell bills, notes, bonds, debentures and other legal investments and to establish and review general loan and investment policies. In addition, when the Board is not in session, the Executive Committee shall have the power to exercise all powers of the Board, except those that cannot legally be delegated by the Board. The Executive Committee shall keep minutes of its meetings, and such minutes shall be submitted at the next regular meeting of the Board at which a quorum is present.

Section 3.2 Trust Committees. The Board shall appoint a Trust Audit Committee which shall make or cause to be made by auditors responsible only to the Board suitable audits of the Trust Department consistent with law and regulation and at such time shall ascertain and report to the Board whether said Department has been administered in accordance with applicable laws and regulations and sound fiduciary principles. Every report to the Board under this section, together with the action taken thereon, shall be noted in the minutes of the Board. The Board shall from time to time appoint such other committees of such membership and with such powers and duties as it is required to appoint under the provisions of Regulation 9 issued by the Comptroller of the Currency relating to the trust powers of national banks, or any amendments thereto, and may appoint such other committees of such membership and with such powers and duties as the Board may provide and as are permitted by said Regulation 9, or any amendments thereto.

Section 3.3 Other Committees. The Board, by a majority vote of the whole Board, may create from its own members or (to the extent permitted by applicable statutes, laws and regulations) from its own members and/or officers or employees of the Association such other

committees as it may from time to time deem necessary, and may designate the name and term of existence and prescribe the duties thereof.

Section 3.4 Proceedings and Record. Each committee appointed by the Board may hold regular meetings at such time or times as may be fixed by the Board or by the committee itself. Special meetings of any committee may be called by the chairman or vice chairman or any two members thereof. The Board may, at the time of the appointment of any committee, designate alternate or advisory members, designate its chairman, vice chairman, and secretary, or any one or more thereof, and the committee itself may appoint such of said officers as have not been so designated by the Board if they deem such appointment necessary or advisable. The secretary may but need not be a member of the committee. The Board may at any time prescribe or change the number of members whose presence is required to constitute a quorum at any or all meetings of a committee. The quorum so prescribed need not be a majority of the members of the committee. If no quorum is prescribed by the Board, the presence of a majority of the members of the committee shall be required to constitute a quorum. Each committee shall keep such records of its meetings and proceedings as may be required by law or applicable regulations and may keep such additional records of its meetings and proceedings as it deems necessary or advisable, and each committee may make such rules of procedure for the conduct of its own meetings and the method of discharge of its duties as it deems advisable. Each committee appointed by the Board may appoint subcommittees composed of its own members or other persons and may rely on information furnished to it by such subcommittees or by statistical or other fact-finding departments or employees of this Association, provided that final action shall be taken in each case by the committee.

ARTICLE IV

Officers and Employees

Section 4.1 Appointment of Officers. The Board shall appoint a President, one or more Vice Presidents and a Cashier or Secretary and may appoint a Chairman of the Board and such other officers as from time to time may appear to the Board to be required or desirable to transact the business of the Association. Only directors shall be eligible for appointment as President or Chairman of the Board. If a director other than the President is appointed Chairman of the Board, the Board shall designate either of these two officers as the chief executive officer of this Association. The chief executive officer, any Executive Vice President, and any other officer authorized by resolution of the Board, acting singly, may appoint other officers below the rank of Executive Vice President, and any Senior Vice President appointed by the Board, acting singly, may appoint other officers below the rank of Senior Vice President, by filing a written notice of such officer appointments with the Cashier, Secretary or an Assistant Secretary appointed by the Board.

Section 4.2 Tenure of Office. Officers shall hold their respective offices for the current year for which they are appointed unless they resign, become disqualified or are removed. Any officer appointed by the Board may be removed at any time by the affirmative vote of a majority of the full Board or in accordance with authority granted by the Board. Any officer appointed by the chief executive officer may be removed at any time by the filing of a written notice of such officer removal by the chief executive officer with the Cashier or Secretary. During the year

between its organization meetings, the Board may appoint additional officers and shall promptly fill any vacancy occurring in any office required to be filled.

Section 4.3 Chief Executive Officer. The chief executive officer shall supervise the carrying out of policies adopted or approved by the Board, shall have general executive powers as well as the specific powers conferred by these by-laws, and shall also have and may exercise such further powers and duties as from time to time may be conferred upon or assigned to him by the Board.

Section 4.4 Cashier or Secretary. The Cashier or Secretary shall attend to the giving of all notices required by these by-laws to be given; shall be custodian of the corporate seal, records, documents and papers of the Association; shall provide for the keeping of proper records of all transactions of the Association; shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the Office of Cashier, or imposed by these by-laws; and shall also perform such other duties as may be assigned from time to time by the Board.

Section 4.5 General Authority and Duties. Officers shall have the general powers and duties customarily vested in the office of such officers of a corporation and shall also exercise such powers and perform such duties as may be prescribed by the Articles of Association, by these by-laws, or by the laws or regulations governing the conduct of the business of national banking associations, and shall exercise such other powers and perform such other duties not inconsistent with the Articles of Association, these by-laws or laws or regulations as may be conferred upon or assigned to them by the Board or the chief executive officer.

Section 4.6 Employees and Agents. Subject to the authority of the Board, the chief executive officer, or any other officer of the Association authorized by him, may appoint or dismiss all or any employees and agents and prescribe their duties and the conditions of their employment, and from time to time fix their compensation.

Section 4.7 Bonds of Officers and Employees. The officers and employees of this Association shall give bond with security to be approved by the Board in such penal sum as the Board shall require, conditioned for the faithful and honest discharge of their respective duties and for the faithful application and accounting of all monies, funds and other property which may come into their possession or may be entrusted to their care or placed in their hands. In the discretion of the Board in lieu of having individual bonds for each officer and employee, there may be substituted for the bonds provided for herein a blanket bond covering all officers and employees providing coverage in such amounts and containing such conditions and stipulations as shall be approved by the chief executive officer of this Association but subject to the supervision and control of the Board.

ARTICLE V

Stock and Stock Certificates

Section 5.1 Transfers. Shares of stock shall be transferable only on the books of the Association upon surrender of the certificate for cancellation, and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 5.2 Stock Certificates. Certificates of stock shall be signed by the chief executive officer, the President or a Vice President and the Cashier, Secretary, or any other officer appointed by the Board for that purpose, and shall be sealed with the corporate seal. Each certificate shall recite on its face that the stock represented thereby is transferable only upon the books of the Association properly endorsed, and shall meet the requirements of 12 U.S.C. §52, as amended.

Section 5.3 Dividends. Transfers of stock shall not be suspended preparatory to the declaration of dividends and, unless an agreement to the contrary shall be expressed in the assignments, dividends shall be paid to the shareholders in whose name the stock shall stand at the time of the declaration of the dividends or on such record date as may be fixed by the Board.

Section 5.4 Lost Certificates. In the event of loss or destruction of a certificate of stock, a new certificate may be issued in its place upon proof of such loss or destruction and upon receipt of an acceptable bond or agreement of indemnity as may be required by the Board.

ARTICLE VI

Corporate Seal

Section 6.1 Form. The corporate seal of the Association shall have inscribed thereon the name of the Association.

Section 6.2 Authority to Impress. The chief executive officer, the President, the Cashier, the Secretary, or the Assistant Cashier, or other officer designated by the Board, shall have authority to impress or affix the corporate seal to any document requiring such seal, and to attest the same.

ARTICLE VII

Miscellaneous Provisions

Section 7.1 Banking Hours. The days and hours during which this Association shall be open for business shall be fixed from time to time by the Board, the chief executive officer, or the President, consistent with national and state laws governing banking and business transactions.

Section 7.2 Execution of Written Instruments. All instruments, documents, or agreements relating to or affecting the property or business and affairs of this Association, or of this Association when acting in any representative or fiduciary capacity, shall be executed, acknowledged, verified, delivered or accepted in behalf of this Association by the chief executive officer, the President, any Executive Vice President, any person specifically designated by the Board as an "Executive Officer" of this Association, or by such other officer, officers, employees, or designated signers, as the Board may from time to time direct.

Section 7.3 Records. The Articles of Association, these by-laws, and any amendments thereto, and the proceedings of all regular and special meetings of the directors and of the shareholders shall be recorded in appropriate minute books provided for the purpose. The minutes of each meeting shall be signed by the person appointed to act as secretary of the meeting.

Section 7.4 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 7.5 Corporate Governance Procedures. In accordance with 12 C.F.R. Section 7.2000, to the extent not inconsistent with applicable federal banking statutes or regulations or bank safety and soundness, this Association designates and elects to follow the corporate governance procedures of the Delaware General Corporation Law, as amended from time to time.

Section 7.6 Indemnification. The Association may make or agree to make indemnification payments to an institution-affiliated party, as defined at 12 USC 1813(u), for an administrative proceeding or civil action initiated by any federal banking agency, that are reasonable and consistent with the requirements of 12 USC 1828(k) and its implementing regulations.

The Association may indemnify an institution-affiliated party for damages and expenses, including the advancement of expenses and legal fees, in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, in accordance with the provisions set forth in the Association's Articles of Association, which provisions are in accordance with the Delaware General Corporation Law, provided such payments are consistent with safe and sound banking practices.

ARTICLE VIII

By-Laws

Section 8.1 Inspection. A copy of these by-laws, with all amendments thereto, shall at all times be kept in a convenient place at the main office of the Association, and shall be open for inspection to all shareholders during banking hours.

Section 8.2 Amendments. These by-laws may be changed or amended at any regular or special meeting of the Board by a vote of a majority of the full Board or at any regular or special meeting of shareholders by the vote of the holders of a majority of the stock issued and outstanding and entitled to vote thereat.

ACCOUNT ACCEPTANCE AND GENERAL SIGNATURE RESOLUTION

RESOLVED that instruments, documents, or agreements relating to or affecting the property or business and affairs of this Bank, or of this Bank when acting in any representative or fiduciary capacity, may be executed in its name, with or without its corporate seal, by the persons hereinafter designated.

For the purposes of this resolution, "Executive Officer" shall mean any person specifically designated as an Executive Officer of this Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice President (including any Executive Vice President or any Senior Vice President), the Cashier, the Controller, any Office President, any Managing Officer, any Assistant Vice President, Assistant Cashier, any functional title which includes the word "Officer" (e.g., Corporate Trust Officer, Trust Officer, Assistant Trust Officer), Assistant Secretary, or any other functional title hereinafter designated by the Board of Directors as an officer of the Bank.

1. No fiduciary account shall be accepted in Corporate Trust without prior written approval of two officers, at least one of whom must be at least a Vice President.
2. The Chairman, the President, and any Vice President, acting alone, may execute:
 - a. Bonds of indemnity and powers of attorney; and
 - b. All instruments of every nature and kind necessary or convenient for the Bank to execute in the performance of its duties as a fiduciary.
3. Any Signing Officer, acting alone, may execute:
 - a. Assignments or mortgages, releases or satisfactions of mortgages, certificates of redemption, assignments of sheriff's certificates, trust deeds, and declarations of trust.
 - b. Transfers and assignments of stocks, bonds or other securities.
 - c. Loan agreements, letters of credit advised without confirmation, participation agreements and certificates of participation.
 - d. Security Agreements, financing statements, termination statements, continuation statements and statements of assignment with respect to which the Bank is a secured party, releases of security interests in and liens upon personal property.
 - e. Receipts for any money or property paid or delivered to this Bank.
 - f. Demands, notices of acceleration, or extensions of the time for payment of any note or other obligation held by this Bank.
 - g. Notices of default and of election to sell or cause to be sold the property described in any mortgage or deed of trust held by this Bank, notices to the trustee named in any such deed of trust, and do any other act or sign any other document provided for by law,

or which may be necessary, expedient or proper in order to protect or enforce the rights of this Bank under any such mortgage or deed of trust.

- h. Tax Returns and related instruments.
- i. Pleadings, petitions, accounts, and other documents to be filed in any court or other proceeding involving this Bank, including verifications thereof.
- j. Deeds, leases, assignments and conveyances of any real or personal property held by the Bank in any representative or fiduciary capacity or any interest therein.
- k. Trust indentures and other indentures, declarations of trust and trust and agency agreements, acceptances thereof and consents thereto, and any similar documents however denominated; petitions for the appointment or the confirmation of appointment of this Bank in any representative or fiduciary capacity; certificates of assets held in any account of this Bank; certificates of authentication with respect to bonds, notes, debentures, and other obligations issued under corporate mortgages; certificates for securities deposited, interim certificates and other certificates for and on behalf of this Bank as depository or agent; countersignatures of bonds, notes, certificates of stock, voting trust certificates or participation certificates on behalf of this Bank as transfer agent or registrar, certificates of cancellation and cremation of stocks, bonds or other securities; certificates of incumbency of trustee; and resignations of this Bank in any representative or fiduciary capacity.
- l. Certifications or records, confirmations, and affidavits.

Any Executive Officer or any Vice President, acting alone, may designate other persons as agents ("Designated Signers") to execute any of the instruments, documents, or agreements listed in the preceding paragraphs of this resolution, but only to the extent said Executive Officer or Vice President has that authority as described in this resolution. Designated Signers will maintain this status until written revocation of such designation or termination of employment with the Bank or any its affiliates.

AUTHORIZED SIGNATORIES

LAUREL R. BAILEY
Vice President
Trust Officer

Will Sign



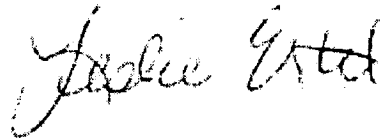
MORGAN BRADY
Trust Officer

Will Sign



LESLIE ERTEL
Work Director

Will Sign



ALICE J. GARRETT
Vice President
Trust Officer

Will Sign



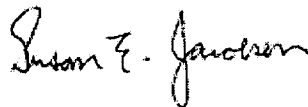
TWYLA D. GAUTHIER
Assistant Vice President
Trust Officer

Will Sign



SUSAN E. JACOBSEN
Vice President
Trust Officer

Will Sign



SHARON D. MARCHETTI
Vice President
Trust Officer

Will Sign



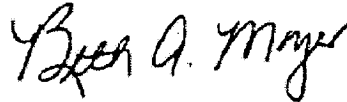
CARL J. MATHIS
Trust Officer

Will Sign



BETH MOYER
Assistant Vice President

Will Sign



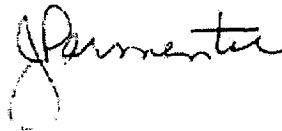
ANGELA C. NETT
Trust Officer

Will Sign



JUDITH A. PARMENTER
Vice President
Trust Officer

Will Sign



DOREEN K. ROWE
Vice President
Trust Officer

Will Sign



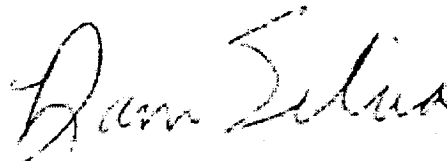
FRANCINE SCHATZ
Vice President
Trust Officer

Will Sign



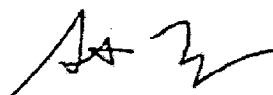
DANI SILVA
Operations Manager

Will Sign



SCOTT THOMPSON
Vice President
Trust Officer

Will Sign



CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Series 2003 Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003 A (the "2003 A Obligations") and the Limited Tax Pension Obligations, Series 2003 B (the "2003 B Obligations"; together with the Series 2003 A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and resolutions adopted by the governing bodies of the Series 2003 Issuers (the "Resolutions"). The Obligations are issued pursuant to a Series 2003 Trust Agreement dated as of April 23, 2003, by and among the Series 2003 Issuers and the Series 2003 Trustee (the "Series 2003 Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Series 2003 Trust Agreement. The Series 2003 Trustee covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Series 2003 Trustee for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Citigroup Global Markets, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 CFR Pt. 240, § 240.15c2-12) (the "Rule").

Section 2. Material Events. The Series 2003 Trustee agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events with respect to the Obligations, if material; provided, however, such notice shall specify (x) the nature of such event and (y) the Series 2003 Issuer(s) to which such event shall be attributable:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Obligations;
- g. modifications to rights of holders of the Obligations;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Obligations;
and
- k. rating changes.

In determining whether any of the above listed events is material, the Series 2003 Trustee may rely upon an opinion of counsel.

Section 3. Dissemination Agent. The Series 2003 Trustee may, from time to time, engage or appoint an agent to assist the Series 2003 Trustee in disseminating information hereunder (the "Dissemination Agent"). The Series 2003 Trustee may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 4. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Series 2003 Trustee's obligations hereunder shall terminate if and when there shall occur either prepayment in full of the Bonds and prepayment of the Obligations, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 6 below, the Series 2003 Trustee may rescind its obligations under this Certificate, in whole or in part, if (i) the Series 2003 Trustee obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Series 2003 Trustee notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 5. Enforceability and Remedies. The Series 2003 Trustee agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Series 2003 Trustee, holders of the Obligations, and any Dissemination Agent.

Section 6. Amendment. Notwithstanding any other provision of this Certificate, the Series 2003 Trustee may amend this Certificate under the following conditions:

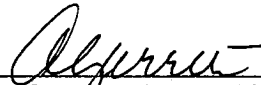
- a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Series 2003 Trustee (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 7. Resignation or Removal as Series 2003 Trustee. The Series 2003 Trustee's obligation hereunder will terminate upon its resignation or removal as Series 2003 Trustee provided such resignation or removal is made in accordance with the Series 2003 Trust Agreement and provided that the Series 2003 Issuers or a court of competent jurisdiction has appointed a successor Series 2003 Trustee under the terms of the Series 2003 Trust Agreement.

Section 8. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**, acting solely
in its capacity as Series 2003 Trustee and not
individually

By: 
Alice Garrett, Vice President

CERTIFICATE OF TRUSTEE AND RECEIPT FOR PENSION BONDS

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

\$73,067,299.60
Series 2003A
(Deferred Interest Obligations)

\$80,515,000
Series 2003B
(Current Interest Obligations)

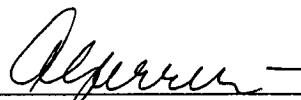
The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds (the "Pension Bonds") issued by certain Oregon community college districts (collectively, the "Issuers") to finance a portion of each Issuer's estimated unfounded actuarial liability with the Oregon Public Employees Retirement System. The Obligations are being purchased pursuant to the terms and conditions of a bond purchase agreement, dated as of April 10, 2003 between the Issuers and the Trustee, which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (collectively, the "Bond Purchase Agreement") and an Obligation Purchase Agreement (the "Obligation Purchase Agreement") dated as of April 10, 2003 between Seattle-Northwest Securities Corporation, as senior managing underwriter and representative of the underwriters, and the Trustee.

On behalf of the Trustee, I hereby certify as follows:

1. The information describing the Trustee in the Preliminary Official Statement dated March 28, 2003 and the Final Official Statement dated April 10, 2003 was true and correct when made and is true and correct as of this date.
2. Representations of the Trustee in the Obligation Purchase Agreement were true and correct when made and are true and correct as of this date.
3. The Trustee has received and accepted the Pension Bonds. The Pension Bonds are in satisfactory form.

Dated as of the 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION, as Trustee**



Alice Garrett, Vice President

**RECEIPT FOR AND ACCEPTANCE OF OBLIGATIONS;
RECEIPT FOR INSURANCE POLICY**

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

\$73,067,299.60
Series 2003A
(Deferred Interest Obligations)

\$80,515,000
Series 2003B
(Current Interest Obligations)

On behalf of Wells Fargo Bank Northwest, National Association, as Paying Agent and Registrar (the "Registrar") for the captioned obligations (the "Obligations"), I hereby certify that the Registrar has received and accepted the Obligations in the aggregate principal amount of \$153,582,299.60. The Registrar will initially register the Obligations in the name of "Cede & Co." as nominee of The Depository Trust Company, New York, New York ("DTC"), and will hold the Obligations under DTC's Fast Automated Securities Transfer (FAST) program.

Further, the Trustee hereby acknowledges receipt from Financial Guaranty Insurance Company (the "Obligation Insurer") of its Municipal Bond Insurance Policy No. 03010499 for the Obligations.

Dated as of the 23rd day of April, 2003.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION**



Alice Garrett, Vice President

RECEIPT FOR OBLIGATION PROCEEDS

Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)

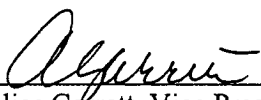
\$73,067,299.60	\$80,515,000
Series 2003A	Series 2003B
(Deferred Interest Obligations)	(Current Interest Obligations)

I, Alice Garrett, Vice President of Wells Fargo Bank Northwest, National Association, as the issuer of the above-captioned obligations (the "Obligations") and the Trustee under the Trust Agreement dated as of April 23, 2003 regarding the Obligations, hereby certify that the following amounts have been received in full payment for the Obligations:

Principal Amount:	\$ 153,582,299.60
Less: Original Issue Discount	(447,027.00)
Less: Underwriter's Discount	(882,394.62)
TOTAL	<u>\$ 152,252,877.98*</u>

Dated as of the 23rd day of April, 2003.

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION



Alice Garrett, Vice President

* Obligation proceeds used to pay for municipal bond insurance premium in the amount of \$500,401.29 was wired directly to Financial Guaranty Insurance Company by Seattle-Northwest Securities Corporation.

ACKNOWLEDGMENT OF DELIVERY OF OBLIGATIONS

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**

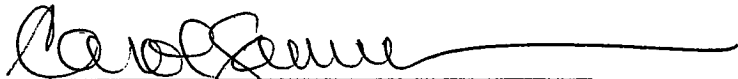
**\$73,067,299.60
Series 2003A
(Deferred Interest Obligations)**

**\$80,515,000
Series 2003B
(Current Interest Obligations)**

On behalf of Seattle-Northwest Securities Corporation, senior managing underwriter and representative of the underwriters of the captioned obligations (the "Obligations"), I hereby certify that we have authorized The Depository Trust Company to credit our account for the Obligations, and that we have authorized the original Obligations to be delivered to Wells Fargo Bank Northwest, National Association, as Paying Agent and Registrar, which will hold the Obligations under The Depository Trust Company's Fast Automated Securities Transfer (FAST) program.

Dated as of the 23rd day of April, 2003.

SEATTLE-NORTHWEST SECURITIES CORPORATION



Authorized Representative

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2074
Reference No.: 40139490

Vincent Orgo
Administrative Officer
Public Finance Ratings

Standard & Poor's

A Division of The McGraw-Hill Companies 

April 21, 2003

Ms. Cheryl Whaley
Group Leader
Financial Guaranty Insurance Co.
125 Park Avenue, 5th Floor
New York, NY 10017

Re: *\$153,582,299.60 Wells Fargo Bank Northwest, National Association as Trustee, Oregon Community College Districts Limited Tax Pension Obligations, dated: April 23, 2003, consisting of: \$73,067,299.60, Series 2003A, Deferred Interest Obligations, due: June 30, 2004-2023 and \$80.515,000 Series 2003B, Current Interest Obligations, due: June 30, 2004-2026 and Term Obligations due: June 30, 2028, (POLICY #03010499)*

Dear Ms. Whaley:

This is to advise you that we have changed the rating to 'AAA' from 'AA-' on the subject bonds.

The rating change reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing.

When using the Standard & Poor's rating, include the definition of the rating together with a statement that this may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. This rating is not a "market rating", because it is not a recommendation to buy, hold or sell the obligations.

If you have any questions, please contact us.

Very truly yours

Vincent S Orgo

ms

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2066
Reference No.: 607559

Steven J Murphy
Managing Director
Public Finance Ratings

Standard & Poor's 
A Division of The McGraw-Hill Companies

April 3, 2003

Ms. Katherine Schwab
Director of Support Services
Seattle Northwest Securities Corporation
1000 S.W. Broadway - Suite 1800
Portland, OR 97205

Re: **\$153,679,187 Oregon Community College Districts, Oregon, Limited Tax Pension
Obligation (Federally Taxable), Series 2003A (due: June 30, 2004-2020) & B, dated: Date of
Delivery, due: June 30, 2028**

Dear Ms. Schwab:

Pursuant to your request for a Standard & Poor's rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the *MEMORANDUM OF AGREEMENT* on the reverse side hereof, have assigned a rating of 'AA-' to the obligations. S&P views the outlook for this rating over the intermediate to longer term as negative.

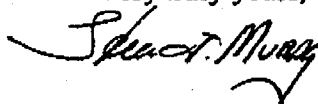
Please note that the ongoing information required includes annual audits and budgets and, for revenue bond ratings in connection with construction financing, progress reports, not less often than quarterly, covering the project being financed and should be forwarded to:

*Standard & Poor's Ratings Services
Public Finance
55 Water Street, Muni Drop Box No. 1, 38-3-10
New York, NY 10041-0003*

S&P relies on the issuer and its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating. In addition, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell these securities. Please note that the rating, as is the case with all of S&P's municipal ratings, does not address the likelihood that interest payable on the Bonds may be deemed or declared includable in the gross income of Bondholders by the relevant authorities at any time.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Thank you for choosing Standard & Poor's Ratings Services. If you have any questions, please contact us.

Very truly yours,


ed

MEMORANDUM OF AGREEMENT

RE: PUBLIC FINANCE DEBT CONTRACT RATINGS

Standard & Poor's Ratings Services (S&P) rates the creditworthiness of specific bonds or debt obligations for a fee upon written request from an issuer, or from an underwriter, financial consultant, institution or other purchaser, provided that the issuer has knowledge of the request.

The fee is based on the time and effort to determine the rating and accrues upon completion or termination of the rating process and is not contingent upon the sale of the bonds or debt obligations. The fee is not a payment to circulate, disseminate or publicize the rating. However, S&P has the right to disseminate the rating to its own customers and subscribers or through its own or other media. Expenses incurred, such as those for meetings outside S&P's offices or for field trips, are also payable to S&P.

The Applicant agrees to provide or otherwise furnish to S&P all pertinent information in a timely manner together with all subsequent material changes in and additions to such information prior to, at the time of, and subsequent to the assignment of the rating. S&P should also be informed of any subsequent swap or derivative transactions. Failure to furnish information in a timely manner may result in no rating or withdrawal of the rating. S&P relies on the party submitting such information for its accuracy and completeness and substantiation thereof.

It is understood that the rating is an evaluation of the information submitted and does not involve an audit by S&P. S&P has the right to raise, lower, suspend or withdraw the rating at any time, in its sole discretion, depending on the information S&P then has, or the lack thereof, or other circumstances, including, but not limited to, issuance of new bonds or debt obligations by the issuer, all without notice.

Neither party may assign this agreement without the consent of the other party.

CORPORATE AND PUBLIC FINANCE DEBT RATINGS DEFINITIONS

Long-term debt

A Standard & Poor's corporate or public finance debt rating is a current opinion of the creditworthiness of an obligor with respect to a specific obligation. This opinion may take into consideration obligors such as guarantors, insurers or lessees.

The debt rating is not a recommendation to purchase, sell, or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer or obtained by S&P from other sources it considers reliable. S&P does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of, such information, or for other circumstances.

The ratings are based, in varying degrees, on the following considerations:

1. Likelihood of default—capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation.
2. Nature of and provisions of the obligation.
3. Protection afforded by, and relative position of, the obligation in the event of bankruptcy reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditor's rights.

AAA Debt rated 'AAA' has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA Debt rated 'AA' has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree.

A Debt rated 'A' has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB Debt rated 'BBB' is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

Speculative grade rating definitions

Debt rate 'BB', 'B', 'CCC', 'CC', 'C' is regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. 'BB' indicates the least degree of speculation and 'C' the highest. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major exposures to adverse conditions.

BB Debt rated 'BB' has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.

B Debt rate 'B' has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal.

The 'B' rating category is also used for debt subordinated to senior debt that is assigned an actual or implied 'BB' or 'BB-' rating.

CCC Debt rated 'CCC' has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal.

CC The rating 'CC' is typically applied to debt subordinated to senior debt which

C The rating 'C' is typically applied to debt subordinated to senior debt which is assigned an actual or implied 'CCC' debt rating.

C1 The rating 'C1' is reserved for income bonds on which no interest is being paid.

D Debt rated 'D' is in payment default. The 'D' rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Plus (+) or Minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus to show relative standings within the major ratings categories.

Provisional Ratings: The letter 'p' indicates that the rating is provisional. A provisional rating assumes the successful completion of the project being financed by the debt being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful and timely completion of the project, makes no comment on the likelihood of, or the risk of default upon failure of, such completion. The investor should exercise judgment with respect to such likelihood and risk.

Continuance of the rating is contingent upon S&P receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flow.

The 'r' is attached to highlight derivative, hybrid, and certain other obligations that S&P believes may experience high volatility or high variability in expected returns due to non-credit risks.

The absence of an 'r' symbol should not be taken as an indication that an obligation will exhibit no volatility or variability in total return.

Note Ratings

A Standard & Poor's note rating reflects the liquidity concerns and market access risks unique to notes. Notes due in 3 years or less will likely receive a note rating. Notes maturing beyond 3 years will most likely receive a long-term debt rating. The following criteria will be used in making that assessment:

—Amortization schedule (the larger the final maturity relative to other maturities the more likely it will be treated as a note)

—Source of payment (the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note)

Note rating symbols are as follows:

SP-1 Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2 Satisfactory capacity to pay principal and interest.

SP-3 Speculative capacity to pay principal and interest.

Dual Ratings

Standard & Poor's assign "dual" ratings to all debt issues that have as part of their structure a put option or demand feature.

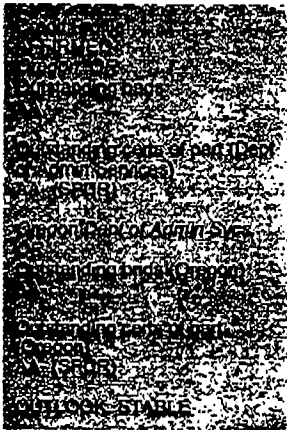
The first rating addresses the likelihood of repayment of principal and interest as due, and the second rating addresses only the demand feature. The long-term debt rating symbols are used for bonds to denote the long-term maturity and the commercial paper rating symbols for the put option (for example, 'AAA/A-1+'). With short-term demand debt, the note rating symbol is used with the commercial paper rating (for example, 'SP-1/A-1+').

STANDARD
POORS

PUBLIC FINANCE

Publication date: 15-Apr-2002
Reprinted from RatingsDirect**Oregon**

Analyst: Parry Young, New York (1) 212-438-2120; Gabriel Petek, San Francisco (1) 415-371-5042

**Rationale**

The 'AA' rating on Oregon's GO bonds is based on the state's full faith and credit pledge and reflects:

- The ongoing diversification of the state's economic base,
- Strong financial management demonstrated by effective action to offset budgetary imbalances as required; and
- A low debt burden despite additional capital needs associated with the state's economic growth.

Offsetting Oregon's credit strengths are increased funding pressures resulting from existing and proposed growth and tax limitation measures. Measure 50 reduced property taxes by limiting current and future assessed values (AV) and clarified the effect of the tax rollback on schools by specifically requiring the state to replace, on an ongoing basis, the revenues lost by the public school system. Measure 7, which was passed by voters in November 2000, but is being challenged in court, would require the state and local governments to reimburse property owners for the reduction in the fair market value of an owner's property due to a regulation that restricts the use of the property. While the state originally estimated its liability under Measure 7 at \$1.6 billion per year, the actual compensation that may be required is not known.

Oregon's economy continues to diversify away from its traditional industries of lumber, wood products, and agriculture into high-technology manufacturing. High technology accounted for 22% of Oregon's gross state product in 1999, compared with 3% in 1989. Conversely, the lumber and wood products share fell to 2% from 9% during the same period. The state's economy continues to slow down, with job growth expected to be a negative 0.7% for 2002 before improving to approximately 2% in 2003 and then in the 1.4%-2.5% range through 2005; however, Oregon's job growth is projected to outperform the nation in the 2003-2005 period. Per capita income effective buying income is 95% of the national average.

The state's March 2002 economic review and forecast projected general fund resources for the 2001-2003 biennium to be \$767.3 million less than original biennium appropriations, out of \$11.4 billion in total appropriations, due to the effect of Oregon's economic downturn on revenues. Tax revenues, mainly income taxes, are projected to be down 7.5% from the original budget. A second special session of the legislative assembly, which adjourned March 2, 2002, balanced the budget with a combination of spending reductions, including education and human resources program areas, and new resources, without raising taxes. Gov. Kitzhaber vetoed certain aspects of the plan, leaving the budget about \$81 million out of balance. On March 13, the governor used his allotment authority to reduce appropriations by about \$80 million.

Oregon's debt burden is low at \$891 per capita and 1.2% of true value. The state has a large amount of authorized but unissued GO bonds authorized for a wide variety of uses.

Outlook

and expenditure pressures. Standard & Poor's is monitoring developments related to the effectiveness and, if finalized, the implementation of, Measure 7.

Economy

Oregon's economy, the second-largest in the Pacific Northwest, continues to diversify away from traditional industries such as lumber, wood products, and agriculture. In the 1980s, more than 60% of job growth came from the trade and service sectors, and the expansion into high technology began. By 1995, high-technology jobs exceeded timber jobs, and Oregon now has one of the largest concentrations of semiconductor chip companies in the nation. With the resultant dependence of the state's exports on Asian markets, the financial crisis in that region acted to slow annual job growth to an average of less than 2% from 1998-2000, down from the 4% level from 1992-1997.

In 2001, manufacturing accounted for 14.8% of total jobs, including 4.6% attributable to high-technology and 2.9% to lumber and wood products. Service jobs accounted for 27.9% of the total and trade accounted for 24.5%. Oregon's unemployment rate has been above the nation's since 1996 and was 6.1% in 2001, compared with 4.8% for the nation. In February 2002, Oregon's unemployment rate was estimated at 8.1%.

The state's economy showed signs of slowing, with no job growth for the 12 months ended June 30, 2001. The state's job growth was a negative 0.7% in 2001, and is projected to be negative again in 2002, before approximating 2% in 2003. The lumber and wood sectors are expected to have a modest decline in 2002 before improving in 2003 and manufacturing to experience a 4.5% decline in 2002 and improve to 0.8% growth in 2003.

Oregon's population growth was the 11th fastest in the nation in the 1990s, fueled by high in-migration, which accounted for two-thirds of the increase, and saw average annual increases of 1.8%—almost double the national average. Going forward, population growth is projected to be slightly above the nation at 1.0% and 1.2% per year, respectively, in 2002 and 2003. The state's per capita effective buying income for 2000 was 95% of the national average and median household effective buying income was 91%.

Finances

The state reported a general fund deficit in fiscal 2001 of \$107 million and a negative unreserved and undesignated fund balance of about \$14 million (0.3% of expenditures). This negative position was largely the result of the payment of a "kicker" (revenues over 2% of projected revenues are returned to taxpayers by law). An action has been filed challenging the amount of the kicker (approximately \$250 million refunded to taxpayers in 2001). If such action is successful, the state would have to increase the kicker amount by an additional \$113 million. For fiscal 2000, the Oregon general fund reported a deficit of \$130.4 million. The fiscal 2000 total fund balance was \$265.2 million (including \$44.2 million unreserved and undesignated, or 0.9% of expenditures) compared with fiscal 1999's level of \$390.9 million (\$277 million unreserved and undesignated, or 7.0% of expenditures). The state projects that at the end of fiscal 2002, and the end of 2001-2003 biennium, the unreserved fund balance will again be positive. Personal income taxes make up more than 80% of total general fund revenues.

The state's March 2002 economic review and forecast projected general fund resources for the 2001-2003 biennium to be \$767.3 million less than original biennium appropriations, out of \$11.4 billion in total appropriations, due to the effect of Oregon's economic downturn on revenues. Tax revenues, mainly income taxes, are projected to be down 7.5% from the original budget. A second special session of the legislative assembly, which adjourned March 2, 2002, balanced the budget with a combination of spending reductions, including education and human resources program areas, and new resources, without raising taxes. Gov. Kitzhaber vetoed certain aspects of the plan, leaving the budget about \$81 million out of balance. On March 13, the

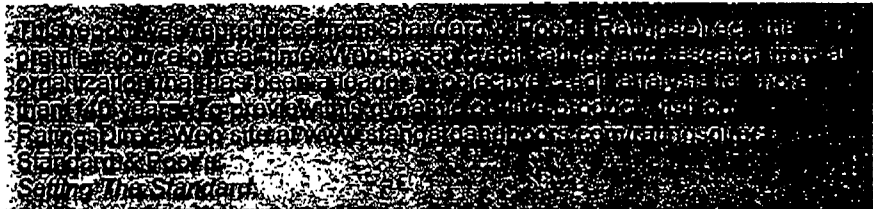
governor used his allotment authority to reduce appropriations by about \$80 million.

Measure 50 reduced property taxes by limiting current and future assessed values (AV) and clarified the effect of the tax rollback on schools by specifically requiring the state to replace, on an ongoing basis, the revenues lost by the public school system. Measure 7, which was passed by voters in November 2000, but is being challenged in court, would require the state and local governments to reimburse property owners for the reduction in the fair market value of an owner's property due to a regulation that restricts the use of the property. While the state originally estimated its liability under Measure 7 at \$1.6 billion per year, the actual compensation that may be required is not known.

Debt

Oregon's debt burden of \$3.1 billion, consisting of \$2.3 billion GO debt and \$808 million certificates of participation, is a low \$891 per capita and 1.2% of market value. The state is constitutionally permitted to issue GO bonds for a wide variety of purposes and has very large unissued authorizations for bonds for power development, higher education, highways, veteran's welfare, water resources, and alternate energy. For the 2001-2003 biennium, the legislature authorized the issuance of \$767 million in GO bonds, \$2.3 billion in revenue bonds, and \$319 million in certificates of deposit.

The Oregon Public Employees Retirement System—a statewide, defined benefit and defined contribution retirement plan for state and local employees—had a \$1.5 billion unfunded pension benefit obligation at Dec. 31, 2000. In fiscal 2000, the state contributed \$165 million to the system.



Standard & Poor's

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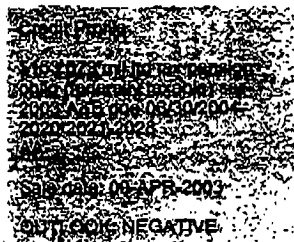
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STANDARD
POORS

PUBLIC FINANCE

Publication date: 07-Apr-2003
Reprinted from RatingsDirect**Oregon Community College District**

Credit Analysts: Parry Young, New York (1) 212-438-2120; Edward R McGlade, New York (1) 212-438-2061

**Rationale**

The 'AA-' rating on Oregon Community College District's limited-tax (federally taxable) pension obligations series 2003 A and B is based on the intercept agreements between the six participating districts and the Oregon Department of Community Colleges and Workforce Development.

In addition, the rating reflects:

- The security of state education revenues pledged for payment of debt service,
- A solid legal structure, and
- Strong coverage of debt service by pledged revenues.

The series 2003 pension obligations are being issued to finance all or a portion of the estimated unfunded actuarial liability of districts with the Oregon Public Employees Retirement System. The pension obligations represent a proportionate interest in payments of principal and interest on pension bonds issued by the districts to be paid through an intercept agreement from first state education revenues available to each district. Such revenues are distributed through the Oregon Department of Community Colleges and Workforce Development. Fiscal 2002 state revenues provided coverage of respective maximum annual debt service (MADS) for the participating districts ranging from 2.95x to 7.55x. The pension bonds are limited-tax obligations of each issuer payable from available general funds. Available general funds are defined as all ad valorem property taxes received from levies under the district's respective permanent rate limit and all other unrestricted taxes, fees, tuition, charges, and revenues, including any state funding for community college districts, legally available to pay its pension bonds. Districts are not authorized to levy additional taxes to pay the pension bonds. The districts' obligations under the trust agreement are several; therefore, amounts in one district's subaccount may not be used to make pension bond payments for another district.

The community college districts are municipal corporations with the respective colleges, providing comprehensive programs in academic and professional technical subjects. They offer both two-year programs and transitional training. The districts are subject to supervision by the state, and are governed by elected boards of education. The state board of education, appointed by the governor, is responsible for the Oregon Community College Program and has general supervisory responsibility for it. State funding represents approximately 50% of total revenues of community college districts in Oregon.

Outlook

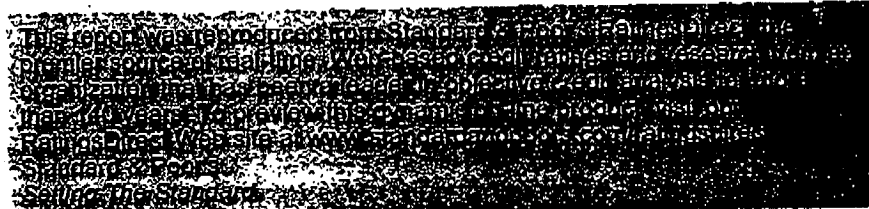
The negative outlook reflects the outlook on Oregon's GO bonds.

Intercept Agreement

Under the intercept agreements between the districts and the Oregon Department of Community Colleges and Workforce Development, with Wells Fargo Bank Northwest, N.A., as trustee, the department will divert to the trustee an amount equal to the debt service on each district's pension bonds from the first state education revenues available to that issuer. The revenues sufficient to pay debt service on the pension bonds are due from the department to the trustee in three installments on the 15th of August, October,

and January, based on the current state distribution of revenues. The amount of deposits intercepted payments into the debt service trust fund to be used to solely pay principal and interest on the pension bonds. Obligation payments are made on the 30th of June and December. Under Oregon statutes, the pledge of revenues is valid and binding and has priority over other claims. The intercept agreement is irrevocable. Each district has covenanted that it will not enter into any agreement with the department under which state education revenues would be diverted in time or priority before the diversion of revenues for the pension bonds.

Oregon Community College District Debt Service Coverage						
	Central Oregon	Chemeketa	Columbia Gorge	Lane	Mt. Hood	Treasure Valley
State education revenues (fiscal year-end 2002, \$000s)	7,912	27,868	2,261	30,633	21,829	5,711
MADS (\$000s)	1,679	3,890	516	7,576	7,402	1,565
MADS coverage using 2002 state education revenues (x)	4.71	7.55	4.38	4.04	2.95	3.65



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Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



Commitment For Municipal Bond Insurance

Issuer: Oregon Community College Districts

Date of Commitment: March 31, 2003

Expiration Date: July 31, 2003*

Bonds Insured: Not to exceed \$208,000,000 in principal amount of Limited Tax Pension Obligations, Series 2003A (Deferred Interest Obligations) and Series 2003B (Current Interest Obligations)

Premium: 0.150% of total debt service on the Bonds Insured **

FINANCIAL GUARANTY INSURANCE COMPANY

("Financial Guaranty")

A Stock Insurance Company

hereby commits to issue a Municipal Bond New Issue Insurance Policy (the "Policy"), in the form attached hereto as Exhibit A, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto.

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to Financial Guaranty prior to such Expiration Date. Financial Guaranty reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND NEW ISSUE INSURANCE POLICY SHALL BE ISSUED IF THE CONDITIONS SPECIFIED BELOW ARE SATISFIED.

1. In addition to the satisfaction of the other conditions set forth herein, Financial Guaranty shall be provided with:
 - (a) (i) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986, as amended (if in the opinion of bond counsel (described below) ongoing compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty; (ii) the various legal opinions delivered in connection with the issuance


* Subject to written acceptance of this Commitment being furnished to Financial Guaranty by the earlier of the date on which the disclosure document relating to the Bonds is circulated and April 7, 2003.

** The amount of Bond proceeds deposited with the Trustee or Paying Agent at closing for the payment of accrued interest shall not be applied as a credit in calculating total debt service on the Bonds Insured.

and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty and addressed to (or with a reliance letter addressed to) Financial Guaranty, which opinion shall include statements to the effect that (A) the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (if the Bonds are issued as tax-exempt obligations); (B) Issuers of the Limited Tax Pension Bonds as Described in the Intercept Agreement (the "Obligor") has all requisite constitutional or statutory authority to enter into and perform its obligations under the Service Agreement pursuant to which the Obligor agrees to make, guarantee or support payments on the Bonds (the "Agreement"); (C) the Agreement has been duly authorized, executed and delivered by the Obligor and is enforceable in accordance with its terms; and (D) the Agreement establishes an unconditional obligation of the Obligor pursuant to which the Obligor has the power, and is legally obligated, to levy *ad valorem* taxes, upon all of the taxable real property within its jurisdiction to provide the funds for any payments required to be made under the Agreement on account of the Bonds. Copies of all drafts of such documents and legal opinions (blacklined as appropriate) prepared subsequent to the date of this Commitment shall be furnished to Financial Guaranty. Final drafts of such documents shall be provided to Financial Guaranty at least five (5) business days prior to the issuance of the Policy unless Financial Guaranty shall approve a shorter period and such documents shall be satisfactory to Financial Guaranty in all respects.

- (b) Evidence of wire transfer in federal funds in an amount equal to the insurance premium unless alternative arrangements for the payment of the premium acceptable to Financial Guaranty have been made prior to the delivery date of the Bonds. Please note the attached Wire Instructions.
2. In addition to the foregoing, all of the conditions contained in the Exhibits hereto (including without limitation the Exhibits entitled "Standard Financial Guaranty Legal Conditions" and "Additional Legal Conditions") shall be satisfied.
 3. All drafts of the preliminary official statement, official statement or any other disclosure documents and the form of the Bonds should be directed to the attention of Joan Shichtman (Phone 212-312-3431), Financial Guaranty's Closing Coordinator, for approval.

4. Promptly after the closing of the Bonds, Financial Guaranty shall receive three completed sets of executed documents (one original and two photocopies), copies of which we will deliver to each agency rating the Bonds.

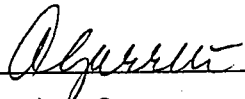


Authorized Representative

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive a duplicate of this Commitment executed by an appropriate officer of Wells Fargo Bank Northwest, National Association, as Trustee by April 7, 2003.

The undersigned agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Guaranty in accordance with the terms of this Commitment.

Accepted as of 4/18/03 by Wells Fargo Bank Northwest, National Association, as Trustee.

By: 
Name: A. Garrett
Title: Vice President

6010391

Financial Guaranty Insurance
 Company
 125 Park Avenue
 New York, NY 10017
 (212) 312-3000
 (800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
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(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Deborah M. Reif

President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A large, stylized signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Authorized Officer

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Deborah M. Reif

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

[Signature]

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Bondholder" shall not include the _____ [Conduit Obligor] (as such term is defined in the bond documentation).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

STATEMENT OF INSURANCE

(To be printed on the Bonds)

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Bonds, such policy being on file at the principal office of [Paying Agent], as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable), the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

OFFICIAL STATEMENT DISCLOSURE LANGUAGE

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal or accreted value (if applicable) of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement may contain a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2002, the total capital and surplus of Financial Guaranty was approximately \$978 million. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

STANDARD FINANCIAL GUARANTY LEGAL CONDITIONS

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure document) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Guaranty.
4. The Bonds shall contain no reference to Financial Guaranty, the Policy or the municipal bond insurance evidenced thereby except as may be approved by Financial Guaranty.
5. The Bonds shall bear a "Statement of Insurance" in the form attached to the Commitment Letter (*also available online on our web site at www.fgic.com*). **BOND PROOFS SHALL BE APPROVED BY FINANCIAL GUARANTY PRIOR TO PRINTING.**
6. The preliminary official statement and the official statement shall (a) be satisfactory in form and substance to Financial Guaranty and (b) shall contain the "Official Statement Disclosure Language" attached to the Commitment Letter and only such other references to Financial Guaranty as we shall supply or approve. *Financial Guaranty's official statement language and cover logo are also available online on our web site at www.fgic.com.*

REFUNDING PROVISIONS

If the subject transaction includes the issuance of advance refunding bonds, the following additional conditions shall be met:

1. The Escrow Agreement (the "Escrow Agreement") providing for the refunding of the bonds to be refunded with the proceeds of the Bonds (the "Prior Bonds") shall permit the deposit solely of cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) ("Direct Obligations") and shall permit substitution of Direct Obligations for other Direct Obligations solely upon the receipt by the escrow agent of (a) a new verification of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Prior Bonds in accordance with the terms of the escrow agreement and (b) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Prior Bonds or the Bonds. Modification of the Escrow Agreement shall not be permitted unless the holders of all of the Prior Bonds consent to such modification.
2. At least five business days prior to the proposed date for delivery of the Policy, Financial Guaranty shall receive for its review and approval (a) the verification by independent certified public accountants satisfactory to Financial Guaranty of the accuracy of the mathematical computation of the adequacy of the escrow established to provide for the

payment of the Prior Bonds in accordance with the terms and provisions of the Escrow Agreement, (b) as applicable, copies of the subscription forms for the purchase and issue of U.S. Treasury Securities - State and Local Government Series which have been stamped as received by the Federal Reserve Bank or copies of the confirmations of purchase of open market Direct Obligations, and (c) the form of an opinion of bond counsel addressed to Financial Guaranty (or a reliance letter relating thereto) to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Prior Bonds shall have occurred. If legal defeasance of the Prior Bonds is not permitted under the governing laws of the jurisdiction, then bond counsel's opinion shall address the defeasance of the Prior Bonds in the manner permitted under such laws. The opinion requirement may be waived upon request to Financial Guaranty, in Financial Guaranty's sole discretion. An executed copy of such opinion shall be forwarded to Financial Guaranty, together with the documentation requested in the Commitment Letter.

3. The Escrow Agreement may provide that cash received by the escrow agent not required for purchase of the initial investments that are referenced in the verification report may be invested, in accordance with an opinion of bond counsel as described in the Commitment Letter, by the escrow agent, but only in noncallable Direct Obligations that mature in an amount at least equal to the purchase price of such Direct Obligations prior to the next scheduled interest payment date for the Prior Bonds. The escrow agent shall be responsible for determining compliance with this requirement.
4. A forward supply contract relating to the provision of such investments which is acceptable to Financial Guaranty may be entered into at closing if (a) the terms thereof are consistent with the foregoing requirements, (b) the Escrow Agreement provides that in the event of any discrepancy or difference between the terms of the forward supply contract and the Escrow Agreement, the terms of the Escrow Agreement shall be controlling, and (c) the verification report shall expressly state that the adequacy of the escrow to accomplish the refunding project relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract.

ADDITIONAL LEGAL CONDITIONS

1. By executing the commitment letter, the Issuer agrees to cause the Obligor to provide the information described below, to be directed to Financial Guaranty Insurance Company, 125 Park Avenue, New York, New York 10017, Attention: Risk Management. This agreement shall survive for so long as the Bonds are outstanding.
 - (a) Notice of any material events pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934;
 - (b) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, or of any advance refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof; and
 - (c) Such additional information as Financial Guaranty may reasonably request from time to time.

2. The authorizing document shall provide that any amendment or supplement to the authorizing document, any principal financing document or any document under which the Obligor makes, guarantees or supports the payment of the Issuer's obligation on the Bonds, including the Service Agreement, shall be subject to the prior written consent of the Bond Insurer.

**FINANCIAL GUARANTY INSURANCE COMPANY
PROCEDURES FOR PAYMENT OF PREMIUM**

Financial Guaranty's issuance of its Municipal Bond New Issue Insurance Policy (or Debt Service Reserve Fund Policy, as applicable) at closing is contingent upon its receipt of the premium. **NO POLICY WILL BE RELEASED UNTIL ORAL CONFIRMATION OF THE FEDERAL RESERVE WIRE REFERENCE NUMBER HAS BEEN PROVIDED.** Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	Upon determination of the final debt service schedule, provide such schedule to Financial Guaranty, to the attention of the FGIC Closing Coordinator, whose name and telephone number are referenced in commitment letter, and subsequently confirm the amount of the premium with the Closing Coordinator.
Payment:	Premium Due Date
Method of Payment:	Wire Transfer of Federal Funds
Wire Transfer Instructions:	BANKERS TRUST NEW YORK ABA Number 021-001-033 16 Wall Street, New York, New York For Credit to Financial Guaranty Insurance Company Account # 50-256-127 FGIC Policy # _____
FGIC Closing Contact:	FGIC Closing Coordinator -- Joan Shichtman (Phone 212-312-3431; Fax 212-312-3206)

Any questions concerning these procedures or any premium payment method other than outlined above should be directed to the attention of the FGIC Closing Coordinator at least two banking days prior to the scheduled payment date.

CONFIRMATION OF RECEIPT OF PREMIUM

Financial Guaranty will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to the FGIC Closing Coordinator.

Upon confirmation of the premium payment and satisfaction of the other conditions set forth in the commitment letter, Financial Guaranty will release the Policy.

**REQUESTS FOR FURTHER INFORMATION OR
ALTERNATIVE PAYMENT ARRANGEMENTS**

Requests for additional information regarding the procedures described above or as to the acceptability of alternate payment procedures should be directed to the FGIC Closing Coordinator at least two business days prior to the closing date.

CCC
Charles Carter Company

April 9, 2003

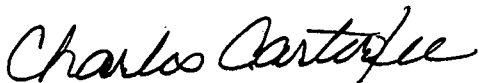
Ann Sherman
Preston Gates Ellis LLP
222 SW Columbia, Suite 1400
Portland, Oregon 97201-6632

Re: \$11,535,637.70, Central Oregon Community College, Oregon School Boards
Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Sherman:

The undersigned officer of The Charles Carter Company, financial advisor to the Central Oregon Community College, in Bend, Oregon (the "District"), hereby certifies that based on my assistance to the District in the issuance, sale, execution and delivery of its Oregon School Boards Association Limited Tax Pension Obligations, Series 2003, I have not become aware of any information that causes me to believe that any information presented in the Preliminary Official Statement, or Official Statement for the Bonds and the Obligations, dated April 9, 2003, misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information in the Preliminary Official Statement or Official Statement, materially misleading or false.

Sincerely yours,



Charles H, Carter III

CHC:ee

cc: James R. Jones
Central Oregon Community College

CCC
Charles Carter Company

April 9, 2003

Central Oregon Community College
Mr. James R. Jones, Chief Financial Officer
2600 NW College Way
Bend, Oregon 97701-5998

Re: \$11,535,637.70, Central Oregon Community College, Oregon School
Boards Association Limited Tax Pension Obligations, Series 2003

Dear Mr. Gregory:

The Central Oregon Community College, in Bend, Oregon herein referred to as the District has retained the Charles Carter Company, pursuant to Oregon Revised Statutes Section 287.028, to act as an independent expert advisor to review the proposed sale of the District's above-referenced Bonds.

The Bonds are Limited Tax Pension Obligation Bonds, Series 2003 in the amount of \$11,535,637.70 and are dated April 23, 2003. Interest on the Deferred Interest Bonds will be paid at maturity. Interest on the current coupon bonds will be paid on December 30, 2003, and semi-annually on June 30th and December 30th to maturity. Principal payments are due June 30, 2005, through June 30, 2028. The bonds are non-callable.

The Bonds were issued at interest rates that resulted in a True Interest Cost of 5.733%. The spread or Underwriter's fee was \$6.396 per \$1,000 of Bonds issued, which equals \$73,783.32.

Present value savings resulting from the bond issue was \$2,836,351.64, which equals 24.58% of the refunding bonds.

As financial advisor, my role is to advise the District as to the fairness of the interest rates on the Bonds and the spread being charged by the Underwriter as required by State statute for a negotiated sale.

April 3, 2003

Re: Central Oregon Community College
Limited Tax Pension Obligations, Series 2003

The interest rates on the District's bonds are very competitive and are favorable to the District considering the factors of size, structure, and rating. The Underwriter's spread was fair and reflects current market pricing for similar issues.

Thank you for the opportunity to serve the Central Oregon Community College. I look forward to working with you in the future.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles Carter III". The signature is written in dark ink and is positioned above the printed name.

Charles H. Carter III

CHC:ee

cc: Ann Sherman, Preston Gates ✓

CCC
Charles Carter Company

April 9, 2003

Ann Sherman
Preston Gates Ellis LLP
222 SW Columbia, Suite 1400
Portland, Oregon 97201-6632

Re: \$25,374,368.95, Chemekata Community College, Oregon School Boards
Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Sherman:

The undersigned officer of The Charles Carter Company, financial advisor to the Chemekata Community College, in Salem, Oregon (the "District"), hereby certifies that based on my assistance to the District in the issuance, sale, execution and delivery of its Oregon School Boards Association Limited Tax Pension Obligations, Series 2003, I have not become aware of any information that causes me to believe that any information presented in the Preliminary Official Statement, or Official Statement for the Bonds and the Obligations, dated April 9, 2003, misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information in the Preliminary Official Statement or Official Statement, materially misleading or false.

Sincerely yours,



Charles H. Carter III

CHC:ee

cc: Craig Smith
Chemekata Community College

CCC
Charles Carter Company

April 9, 2003

Chemekata Community College
Mr. Craig Smith, VP/Chief Financial Officer
4000 Lancaster Dr. NE
Salem, Oregon 97309-7070

Re: \$25,374,368.95, Chemekata Community College, Oregon School
Boards Association Limited Tax Pension Obligations, Series 2003

Dear Mr. Smith:

The Chemekata Community College, in Salem, Oregon herein referred to as the District has retained the Charles Carter Company, pursuant to Oregon Revised Statutes Section 287.028, to act as an independent expert advisor to review the proposed sale of the District's above-referenced Bonds.

The Bonds are Limited Tax Pension Obligation Bonds, Series 2003 in the amount of \$25,374,368.95 and are dated April 23, 2003. Interest on the Deferred Interest Bonds will be paid at maturity. Interest on the current coupon bonds will be paid on December 30, 2003, and semi-annually on June 30th and December 30th to maturity. Principal payments are due June 30, 2004, through June 30, 2028. The bonds are non-callable.

The Bonds were issued at interest rates that resulted in a True Interest Cost of 5.722%. The spread or Underwriter's fee was \$5.903 per \$1,000 of Bonds issued, which equals \$149,810.23.

Present value savings resulting from the bond issue was \$6,250,927.50, which equals 24.63% of the refunding bonds.

As financial advisor, my role is to advise the District as to the fairness of the interest rates on the Bonds and the spread being charged by the Underwriter as required by State statute for a negotiated sale.

1653 Devon Lane-Lake Oswego, Oregon 97035
(503) 635-3802 – Fax: (503) 635-3454

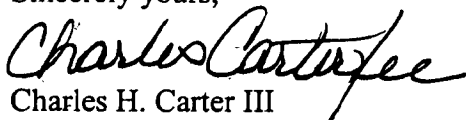
April 3, 2003

Re: Chemekata Community College
Limited Tax Pension Obligations, Series 2003

The interest rates on the District's bonds are very competitive and are favorable to the District considering the factors of size, structure, and rating. The Underwriter's spread was fair and reflects current market pricing for similar issues.

Thank you for the opportunity to serve the Cemekata Community College. I look forward to working with you in the future.

Sincerely yours,


Charles H. Carter III

CHC:ee

cc: Ann Sherman, Preston Gates ✓

CCC
Charles Carter Company

April 9, 2003

Ann Sherman
Preston Gates Ellis LLP
222 SW Columbia, Suite 1400
Portland, Oregon 97201-6632

Re: \$3,570,327.10, Columbia Gorge Community College, Oregon School Boards
Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Sherman:

The undersigned officer of The Charles Carter Company, financial advisor to the Columbia Gorge Community College, in The Dalles, Oregon (the "District"), hereby certifies that based on my assistance to the District in the issuance, sale, execution and delivery of its Oregon School Boards Association Limited Tax Pension Obligations, Series 2003, I have not become aware of any information that causes me to believe that any information presented in the Preliminary Official Statement, or Official Statement for the Bonds and the Obligations, dated April 9, 2003, misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information in the Preliminary Official Statement or Official Statement, materially misleading or false.

Sincerely yours,



Charles H. Carter III

CHC:ee

cc: Sandra Buchanan
Columbia Gorge Community College

CCC
Charles Carter Company

April 9, 2003

Columbia Gorge Community College
Ms. Sandra Buchanan, Business Manager
400 Scenic Drive
The Dalles, Oregon 97058-3434

Re: \$3,570,327.10, Columbia Gorge Community College, Oregon School
Boards Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Buchanan:

The Columbia Gorge Community College, in The Dalles, Oregon herein referred to as the District has retained the Charles Carter Company, pursuant to Oregon Revised Statutes Section 287.028, to act as an independent expert advisor to review the proposed sale of the District's above-referenced Bonds.

The Bonds are Limited Tax Pension Obligation Bonds, Series 2003 in the amount of \$3,570,327.10 and are dated April 23, 2003. Interest on the Deferred Interest Bonds will be paid at maturity. Interest on the current coupon bonds will be paid on December 30, 2003, and semi-annually on June 30th and December 30th to maturity. Principal payments are due June 30, 2004, through June 30, 2028. The bonds are non-callable.

The Bonds were issued at interest rates that resulted in a True Interest Cost of 5.720%. The spread or Underwriter's fee was \$7.116 per \$1,000 of Bonds issued, which equals \$25,407.89.

Present value savings resulting from the bond issue was \$815,111.49, which equals 22.83% of the refunding bonds.

As financial advisor, my role is to advise the District as to the fairness of the interest rates on the Bonds and the spread being charged by the Underwriter as required by State statute for a negotiated sale.

1653 Devon Lane-Lake Oswego, Oregon 97035
(503) 635-3802 – Fax: (503) 635-3454

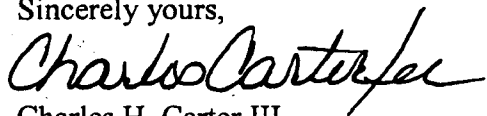
April 3, 2003

Re: Columbia Gorge Community College
Limited Tax Pension Obligations, Series 2003

The interest rates on the District's bonds are very competitive and are favorable to the District considering the factors of size, structure, and rating. The Underwriter's spread was fair and reflects current market pricing for similar issues.

Thank you for the opportunity to serve the Columbia Gorge Community College. I look forward to working with you in the future.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles H. Carter III".

Charles H. Carter III

CHC:ee

cc: Ann Sherman, Preston Gates ✓

CCC
Charles Carter Company

April 9, 2003

Ann Sherman
Preston Gates Ellis LLP
222 SW Columbia, Suite 1400
Portland, Oregon 97201-6632

Re: \$50,596,537.25, Mt. Hood Community College, Oregon School Boards
Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Sherman:

The undersigned officer of The Charles Carter Company, financial advisor to the Mt. Hood Community College, in Gresham, Oregon (the "District"), hereby certifies that based on my assistance to the District in the issuance, sale, execution and delivery of its Oregon School Boards Association Limited Tax Pension Obligations, Series 2003, I have not become aware of any information that causes me to believe that any information presented in the Preliminary Official Statement, or Official Statement for the Bonds and the Obligations, dated April 9, 2003, misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information in the Preliminary Official Statement or Official Statement, materially misleading or false.

Sincerely yours,



Charles H, Carter III

CHC:ee

cc: Bill Becker
Mt. Hood Community College

CCC
Charles Carter Company

April 9, 2003

Mt. Hood Community College
Mr. Bill Becker, VP Administration
26000 SE Stark Street
Gresham, Oregon 97030-3300

Re: \$50,596,537.25, Mt. Hood Community College, Oregon School
Boards Association Limited Tax Pension Obligations, Series 2003

Dear Mr. Becker:

The Mt. Hood Community College, in Gresham, Oregon herein referred to as the District has retained the Charles Carter Company, pursuant to Oregon Revised Statutes Section 287.028, to act as an independent expert advisor to review the proposed sale of the District's above-referenced Bonds.

The Bonds are Limited Tax Pension Obligation Bonds, Series 2003 in the amount of \$50,596,537.25 and are dated April 23, 2003. Interest on the Deferred Interest Bonds will be paid at maturity. Interest on the current coupon bonds will be paid on December 30, 2003, and semi-annually on June 30th and December 30th to maturity. Principal payments are due June 30, 2004, through June 30, 2028. The bonds are non-callable.

The Bonds were issued at interest rates that resulted in a True Interest Cost of 5.717%. The spread or Underwriter's fee was \$5.511 per \$1,000 of Bonds issued, which equals \$278,841.84.

Present value savings resulting from the bond issue was \$12,546,096.00, which equals 24.79% of the refunding bonds.

As financial advisor, my role is to advise the District as to the fairness of the interest rates on the Bonds and the spread being charged by the Underwriter as required by State statute for a negotiated sale.

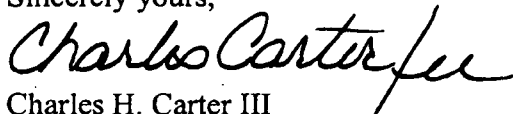
April 3, 2003

Re: Mt. Hood Community College
Limited Tax Pension Obligations, Series 2003

The interest rates on the District's bonds are very competitive and are favorable to the District considering the factors of size, structure, and rating. The Underwriter's spread was fair and reflects current market pricing for similar issues.

Thank you for the opportunity to serve the Mt. Hood Community College. I look forward to working with you in the future.

Sincerely yours,



Charles H. Carter III

CHC:ee

cc: Ann Sherman, Preston Gates✓

CCC
Charles Carter Company

April 9, 2003

Ann Sherman
Preston Gates Ellis LLP
222 SW Columbia, Suite 1400
Portland, Oregon 97201-6632

Re: \$10,701,480.35, Treasure Valley Community College, Oregon School Boards
Association Limited Tax Pension Obligations, Series 2003

Dear Ms. Sherman:

The undersigned officer of The Charles Carter Company, financial advisor to the Treasure Valley Community College, in Ontario, Oregon (the "District"), hereby certifies that based on my assistance to the District in the issuance, sale, execution and delivery of its Oregon School Boards Association Limited Tax Pension Obligations, Series 2003, I have not become aware of any information that causes me to believe that any information presented in the Preliminary Official Statement, or Official Statement for the Bonds and the Obligations, dated April 9, 2003, misstates a material fact or fails to state a material fact that, in light of the circumstances under which such information is presented, renders the information in the Preliminary Official Statement or Official Statement, materially misleading or false.

Sincerely yours,



Charles H, Carter III

CHC:ee

cc: Randy Griffin
Treasure Valley Community College

CCC
Charles Carter Company

April 9, 2003

Treasure Valley Community College
Mr. Randy Griffin, Dean of Admin. Services
550 College Blvd.
Ontario, Oregon 97914-3498

Re: \$10,701,480.35, Treasure Valley Community College, Oregon School
Boards Association Limited Tax Pension Obligations, Series 2003

Dear Mr. Griffin:

The Treasure Valley Community College, in Ontario, Oregon herein referred to as the District has retained the Charles Carter Company, pursuant to Oregon Revised Statutes Section 287.028, to act as an independent expert advisor to review the proposed sale of the District's above-referenced Bonds.

The Bonds are Limited Tax Pension Obligation Bonds, Series 2003 in the amount of \$10,701,480.35, and are dated April 23, 2003. Interest on the Deferred Interest Bonds will be paid at maturity. Interest on the current coupon bonds will be paid on December 30, 2003, and semi-annually on June 30th and December 30th to maturity. Principal payments are due June 30, 2005, through June 30, 2028. The bonds are non-callable.

The Bonds were issued at interest rates that resulted in a True Interest Cost of 5.733%. The spread or Underwriter's fee was \$6.497 per \$1,000 of Bonds issued, which equals \$69,532.63.

Present value savings resulting from the bond issue was \$2,639,644.47, which equals 24.66% of the refunding bonds.

As financial advisor, my role is to advise the District as to the fairness of the interest rates on the Bonds and the spread being charged by the Underwriter as required by State statute for a negotiated sale.

1653 Devon Lane-Lake Oswego, Oregon 97035
(503) 635-3802 – Fax: (503) 635-3454

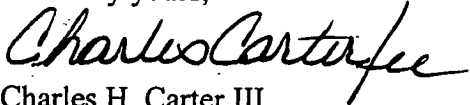
April 3, 2003

Re: Treasure Valley Community College
Limited Tax Pension Obligations, Series 2003

The interest rates on the District's bonds are very competitive and are favorable to the District considering the factors of size, structure, and rating. The Underwriter's spread was fair and reflects current market pricing for similar issues.

Thank you for the opportunity to serve the Treasure Valley Community College. I look forward to working with you in the future.

Sincerely yours,



Charles H. Carter III

CHC:ee

cc: Ann Sherman, Preston Gates ✓

April 23, 2003

Wells Fargo Bank Northwest, National
Association
Corporate Trust Services
MAC P6101-114
1300 SW 5th Avenue – 11th Floor
Portland, OR 97201

**Re: *Oregon Community College Districts Limited Tax Pension Obligations,
Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A
(Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)***

Ladies and Gentlemen:

We have acted as special counsel in connection with the issuance by certain Oregon community college districts (the "Series 2003 Issuers") of the Series 2003 Issuers' Limited Tax Series 2003 Pension Bonds (the "Bonds"), the proceeds of which will be used to finance all or a portion of the estimated unfunded liability (the "UAL") of each Series 2003 Issuer with the Oregon Public Employees Retirement System and to pay other costs related to financing the UAL, including costs of issuance. The Bonds are issued pursuant to ORS 238.692 to 238.698 and 288.150 and resolutions of the Series 2003 Issuers authorizing the Bonds (the "Resolutions"). The Bonds will be sold by the Series 2003 Issuers to Wells Fargo Bank Northwest, National Association (the "Series 2003 Trustee").

A Series 2003 Trust Agreement between the Series 2003 Issuers and the Series 2003 Trustee dated as of April 23, 2003 (the "Series 2003 Trust Agreement") provides for the execution and delivery by the Series 2003 Trustee of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003 A (Deferred Interest) and \$80,515,000 Series 2003 B (Current Interest) (collectively, the "Obligations"). The Obligations represent undivided proportionate ownership interests in the Bonds.

Any capitalized terms not defined herein shall have the meanings assigned to them in the Series 2003 Trust Agreement.

On questions of fact material to our opinion, we have relied on the representations of the Series 2003 Issuers contained in the Series 2003 Trust Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have examined such certified proceedings, documents and certifications of public officials as we deem necessary to render this opinion, including the form of the Obligations, the Bonds and the Resolutions.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an official statement or other offering material relating to the Obligations or the Bonds except to the extent, if any, stated therein.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

1. The Bonds, the Resolutions, the Intercept Agreement and the Series 2003 Trust Agreement have been legally authorized, executed and delivered and are valid and legally binding limited tax obligations of the Series 2003 Issuers enforceable against the Series 2003 Issuers in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Series 2003 Issuers.

2. Assuming that the Series 2003 Trustee has properly authorized, executed and delivered the Obligations and the Obligations are valid and legally binding obligations of the Series 2003 Trustee, Owners of the Obligations are entitled to the benefits of the Series 2003 Trust Agreement. We express no opinion regarding the obligations of the Series 2003 Trustee under the Obligations.

3. Each Series 2003 Issuer has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay its Bond. Each Bond is a limited tax bond of a Series 2003 Issuer, and the Series 2003 Issuer shall pay the Bond from Available General Funds, as defined in the Resolution. The Series 2003 Issuers are not authorized to levy additional taxes to pay the Bonds.

4. The interest on the Bonds received by holders of the Obligations is not excludable from the gross income of the holders of the Obligations for federal income tax purposes.

5. The difference between the stated redemption of the Bonds maturing in the years 2004 through and including 2023 and the Term Bond maturing in 2028 (together, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Obligations of the same maturity (the "Discount Obligations") was sold constitutes original issue discount that is included in gross income of the holders of the Discount Obligations for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of the Discount Obligations of the same maturity

acquired at such initial offering price by an initial purchaser of such Discount Obligations will be increased by the amount of such accrued discount.

6. The interest on the Bonds received by holders of the Obligations is exempt from present personal income taxation by the State of Oregon.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds or the Obligations.

Our opinion is limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond and obligation financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations and the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to this firm.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

A handwritten signature in black ink, consisting of a stylized, sweeping line that starts with a small loop and ends with a long, horizontal tail.

April 23, 2003

Seattle-Northwest Securities Corporation
1000 SW Broadway, Suite 1800
Portland, Oregon 97205

Financial Guaranty Insurance Company
125 Park Avenue
New York, New York 10017

Re: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)

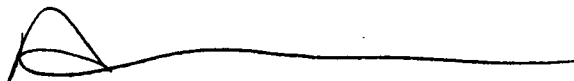
Ladies & Gentlemen:

Our opinion as special counsel in connection with the issuance by certain Oregon community college districts (the "Issuers") of the Issuers' Limited Tax Pension Bonds (the "Bonds"), addressed and delivered this date to Wells Fargo Bank Northwest, National Association, may be relied upon by you as though such opinion were addressed to you. We have only represented the Issuers in connection with the Bonds. No attorney-client relationship shall arise by our addressing this opinion to you.

This letter is furnished to you solely for your benefit and may not be relied on by, quoted by, nor copies delivered to, any other person without our prior written consent in each instance.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

A handwritten signature in black ink, consisting of a stylized initial 'P' followed by a long horizontal line.

April 23, 2003

Seattle-Northwest Securities Corporation
1000 SW Broadway, Suite 1800
Portland, Oregon 97205

Re: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest) and \$80,515,000 Series 2003B (Current Interest)

Ladies & Gentlemen:

Certain Oregon community college districts (collectively, the "Issuers") are issuing Limited Tax Pension Bonds (the "Bonds"), the proceeds of which will be used to finance a portion of the estimated unfunded actuarial liability (the "UAL") of each Issuer with the Oregon Public Employees Retirement System ("PERS") and to pay other costs related to financing the UAL, including costs of issuance. The Bonds will be sold by the Issuers to Wells Fargo Bank Northwest, National Association, Portland, Oregon (the "Trustee") pursuant to the terms of individual Bond Purchase Agreements between each Issuer and the Trustee for the purchase of such Issuers' Bond (a "Bond Purchase Agreement").

This opinion is rendered to you in connection with the purchase by the Underwriters of the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) in the aggregate principal amount of \$153,582,299.60 (the "Obligations"), representing the right to receive payments due under the Bonds, pursuant to a Obligation Purchase Agreement dated April 10, 2003 (the "Obligation Purchase Agreement"), between Seattle Northwest Securities Corporation and Citigroup Global Markets, Inc. (collectively, the "Underwriters") and the Trustee.

All terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned thereto in the Obligation Purchase Agreement, the Trust Agreement, or the Resolutions (as defined in the Obligation Purchase Agreement). In our capacity as Bond Counsel with respect to the authorization, issuance, sale and delivery of the Bonds and as Special Counsel with respect to the authorization, issuance, sale and delivery of the Obligations, we have examined the Official Statement dated April 10, 2003 relating to the Obligations (the "Official Statement"). We have also examined originals, or copies certified or otherwise identified to our satisfaction as being true copies of the originals, of such proceedings of the Issuers, certificates of officials of the Issuers and others and such other documents as we have deemed necessary for purposes of this opinion. Based on our review of the foregoing, we are of the opinion that:

1. The statements in the Official Statement under the headings "Description of the Obligations" (except for the subsection "Book-Entry Bonds" thereunder), "Security for the Obligations" (except for the subsection "Ratings" and "Municipal Bond Insurance" thereunder), "Tax Matters," "The

Initiative Process,” “Continuing Disclosure,” “Legal and Underwriting – Approval of Counsel,” and in “Appendix A – Form of Special Counsel Opinion” (together with specific references thereto contained in the Official Statement), insofar as such statements purport to summarize the provisions of the Bonds and the Obligations or other matters discussed or presented therein (other than any financial or statistical data contained in such sections as to which we express no opinion) present a fair summary of the relevant provisions of the Bonds and the Obligations and the matters discussed or presented therein.

2. Based upon our participation in the review of the Official Statement as Bond Counsel and as Special Counsel, but without having undertaken to determine independently the accuracy or completeness of and without assuming any responsibility for the statements contained in the Official Statement, except to the limited extent noted immediately above, nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement, as of the date of the Official Statement (except for the financial and statistical data included therein, as to which we express no opinion), contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

3. The Trust Agreement, the Intercept Agreement and the Bond Purchase Agreements have been duly authorized, executed and delivered by the Issuers (except that each Issuer has no responsibility for information relating to any other Issuer) and constitute valid and binding agreements of each Issuer, which are enforceable in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the Issuers.

4. We have reviewed the Continuing Disclosure Certificate of each Issuer regarding secondary market disclosure as further described in the Preliminary Official Statement and the Official Statement. In our opinion, the Continuing Disclosure Certificates are valid and binding, and are in full force and effect as of the date of Closing.

5. Interest on the Bonds and the Obligations is subject to federal taxation, but is not subject to taxation by the State of Oregon.

6. The Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939 and the Bonds, the Trust Agreement and the Obligations are exempt from registration under the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended and rules and regulations thereunder.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations or exceptions. For purposes of this opinion, the terms “law” and “laws” do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as Bond Counsel to the Issuers regarding the sale and issuance of the Bonds and as Special Counsel regarding the sale and issuance of the Obligations and no attorney-client relationship shall arise by our addressing this opinion to any other person. This opinion is furnished to you solely for your benefit and may not be relied on by, quoted by, nor copies delivered to, any other person without our prior written consent in each instance.

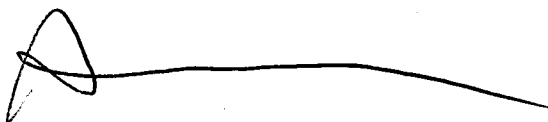
We express no opinion as to the creditworthiness of the Issuers, the investment quality of the Obligations or the Bonds or the adequacy of the security for the Obligations or the Bonds. We are furnishing this letter to you pursuant to the Obligation Purchase Agreement solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to in connection with the marketing of the Obligations nor is it to be relied upon by any person without prior written permission; provided that reference may be made to it in any list or transcript of closing documents pertaining to the Obligations. We expressly disclaim any duty to advise you of any matters arising after the date hereof.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Obligations.

Our opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

PRESTON GATES & ELLIS LLP

A handwritten signature in black ink, consisting of a stylized, looped initial followed by a long, horizontal, slightly wavy line extending to the right.



ORRICK, HERRINGTON & SUTCLIFFE LLP
719 SECOND AVENUE
SUITE 900
SEATTLE, WA 98104
tel 206-839-4300
fax 206-839-4301
WWW.ORRICK.COM

April 23, 2003

Seattle-Northwest Securities Corporation
Portland, Oregon

Re: Oregon Community College Districts Limited Tax Pension Obligations,
Series 2003A and Series 2003B

Ladies and Gentlemen:

We have acted as counsel for you as Underwriters in connection with your purchase from Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as trustee (the "Trustee") of \$73,067,299.60 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and \$80,515,000 aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003B (collectively, the "Obligations"), pursuant to the Obligation Purchase Agreement, dated April 10, 2003 (the "Purchase Agreement"), between you and the Trustee. The Obligations are to be issued pursuant to a Trust Agreement, dated as of April 23, 2003 (the "Trust Agreement"), between the Trustee and each of the community college districts named therein (collectively the "Issuers"). The Obligations represent proportionate and undivided interests in the Pension Bonds to be issued on the date hereof by each of the Issuers. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

In that connection, we have reviewed certain portions of the Trust Agreement, the Intercept Agreement, dated as of April 23, 2003, among the Trustee, the Issuers and the Oregon Department of Community Colleges and Workforce Development (the "Intercept Agreement"), the official statement, dated April 10, 2003, with respect to the Obligations (the "Official Statement"), the continuing disclosure certificates of each of the Issuers and the Trustee, each dated April 23, 2003, with respect to the Obligations (collectively, the "Continuing Disclosure Certificates"), the Purchase Agreement, the resolution adopted by each of the Issuers, the Pension Bond Purchase Agreements, dated April 10, 2003, entered into by each of the Issuers and the Trustee (collectively, the "Pension Bond Purchase Agreements") and the certificates of the Trustee, the Issuers and others, the opinions referred to in paragraph 5 of the Purchase Agreement and such other records, opinions and documents, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions and conclusions hereinafter expressed. We have not reviewed any electronic version of the Official Statement and assume that any such version is identical in all respects to the printed version.

In arriving at the opinions and conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein, including (without limitation) representations and legal conclusions regarding the due authorization, issuance, delivery, validity and



O R R I C K

enforceability of the Obligations and the Pension Bonds and the exemption of interest thereon from personal income taxation imposed by the State of Oregon and the legality, validity and enforceability of the Continuing Disclosure Certificates, all laws, documents and instruments providing for issuance and/or security or payment of the Obligations, the Pension Bonds, the Intercept Agreement and the Issuers' resolutions, the payments with respect to which are pledged to the Obligations). We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended or the Investment Company Act of 1940, as amended, and no filings by the Issuers or the Trustee are required under the Securities Exchange Act of 1934, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the municipal bond insurance policy issued by Financial Guaranty Insurance Company.

2. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as your counsel, to assist you in part of your responsibility with respect to the Official Statement, we participated in conferences with your representatives and representatives of the Trustee, the Issuers, Preston Gates & Ellis LLP as bond counsel, and others, during which the contents of the Official Statement and related matters were discussed. Based on our participation in this transaction as underwriters' counsel, including the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), we advise you as a matter of fact and not opinion that, during the course of our representation of you on this matter, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such representation which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, statistical or economic or demographic data or forecasts or expressions of opinion, the Appendices or any information about book-entry, Tax Matters, DTC or the Bond Insurer included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. The Continuing Disclosure Certificates of the Issuers and of the Trustee, together with paragraphs 2 and 5(d) of the Purchase Agreement and Sections 2.3 and 6.1(d) of the Standard Terms for Sale attached to and incorporated into each of the Pension Bond Purchase Agreements, satisfy the requirements contained in S.E.C. Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Obligations to provide the information at the times and in the manner required by said Rule; provided that, for purposes of this opinion, we are not expressing any view regarding the content of the Official Statement that is not expressly stated in numbered paragraph 2 of this letter.



ORRICK

We are furnishing this letter to you pursuant to paragraph 5(i) of the Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Obligations or by any other party to whom it is not specifically addressed.

Very truly yours,

Orrick, Hamilton & Saffell LLP



Law Department
Wells Fargo & Company
MAC U1228-104
299 South Main Street, 10th Floor
Salt Lake City, Utah 84111

April 23, 2003

To the Parties Listed on Attached Schedule A

Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)

Ladies and Gentlemen:

I am Senior Counsel for Wells Fargo & Company, the parent corporation of Wells Fargo Bank Northwest, National Association, a national banking association. As such, I have reviewed the provisions of (i) the Trust Agreement dated as of April 23, 2003 (the "Trust Agreement") relating to the referenced Series 2003 Obligations by and among the Issuers of the Limited Tax Pension Bonds identified and described therein (the "Issuers") and Wells Fargo Bank Northwest, National Association, as trustee (the "Trustee"), (ii) the Obligation Purchase Agreement dated as of April 10, 2003 (the "Obligation Purchase Agreement") by and between Seattle-Northwest Securities Corporation and the Trustee, (iii) Bond Purchase Agreements each dated as of April 10, 2003 (together, the "Bond Purchase Agreements") by and between each of the Issuers and the Trustee, (iv) the Intercept Agreement dated as of April 23, 2003 (the "Intercept Agreement") by and between the State of Oregon Department of Education, the Issuers, and the Trustee; and (v) the Continuing Disclosure Certificate dated April 23, 2003 (the "Continuing Disclosure Certificate") executed by the Trustee. In addition I am generally familiar with the Articles of Association and the Bylaws of the Trustee and am also familiar with the corporate proceedings of the Trustee with regard to its authorization, execution and delivery of the Trust Agreement, the Obligation Purchase Agreement, the Bond Purchase Agreements, the Intercept Agreement and the Continuing Disclosure Certificate, which documents shall collectively be referred to hereinafter as the "Agreements". Capitalized terms used herein shall have the respective meanings ascribed to them in the Trust Agreement, except as otherwise defined herein.

For purposes of this opinion, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity with originals of all documents submitted to me as copies. In making my examination of documents executed by entities other than the Trustee, I have assumed that each such other entity had the power to enter into and perform all its obligations thereunder, and also have assumed the due authorization of all requisite action and due execution of such documents by each such entity. Where questions of fact material to my opinions expressed below were not established independently, I have relied upon statements of officers of the Trustee as contained in their certificates.

Based upon the foregoing, I am of the opinion that:

1. The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America.

2. The Trustee is duly eligible and qualified to act as Trustee under the Trust Agreement.

3. The Trustee has all requisite power, authority and legal right to execute and deliver the Agreements and to perform its obligations under the Agreements, and has taken all necessary corporate action to authorize the execution and delivery of and the performance of its obligations under the Agreements.

4. The Trustee has duly executed and delivered the Agreements. Assuming the due authorization, execution and delivery thereof by the other parties thereto, the Agreements are the legal, valid and binding agreements of the Trustee enforceable in accordance with their terms, except to the extent enforceability thereof may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies heretofore or hereinafter enacted, and (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases.

5. The Series 2003 Obligations have been duly authorized, executed and delivered by the Trustee.

6. The execution, delivery and performance of the Agreements do not now, and will not upon consummation of the transaction contemplated thereby in accordance with the existing terms thereof conflict with, result in a breach of or constitute a default under, any term or provision of the Articles of Association or Bylaws of the Trustee; any existing term or provision of any agreement, contract, instrument or indenture of any nature whatsoever, known to me, to which the Trustee is a party or by which it is bound; or, to the best of my knowledge after due inquiry, any existing order, judgment, writ, injunction or decree of any court or governmental authority having jurisdiction over the Trustee; nor will it conflict with or constitute a breach of or

April 23, 2003

Page 3

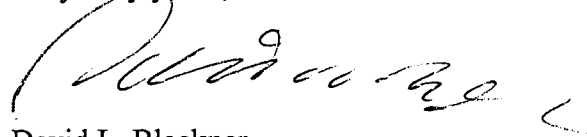
default under any law or administrative regulation to which the Trustee is subject (except that no representation, warranty or agreement is made herein with respect to any federal or state securities or Blue Sky laws or regulations) or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee.

7. To the best of my knowledge after due inquiry, there are no actions, proceedings or investigations pending or threatened against the Trustee before any court, administrative agency or tribunal (i) asserting the invalidity of the Agreements (ii) seeking to prevent the consummation of any of the transactions contemplated thereby or (iii) that might materially and adversely affect the performance by the Trustee of its obligations under, or the validity or enforceability of the Agreements. For purposes of the foregoing, I have not regarded any actions, proceedings or investigations "threatened" unless the potential litigants or governmental authority has manifested to a member of the Wells Fargo & Company Law Department having responsibility for litigation matters involving the corporate trust activities of the Trustee present intention to initiate such proceedings.

I advise you that I am admitted to practice in the State of Utah (the "State"), and do not purport to be an expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States ("Federal") and the State. In giving these opinions I have assumed that the applicable laws of the State of Oregon do not differ in any material respect from applicable Federal and State laws. These opinions are further limited to such State and Federal laws in effect as of the date hereof.

The foregoing opinions are being furnished to you solely for your benefit and that of your counsel and may not be relied upon by, nor may copies be delivered to, any other person without my prior written consent.

Very truly yours,



David L. Blackner
Senior Counsel

Schedule A

Seattle-Northwest Securities Corporation
Portland, Oregon

Each of the Issuers of the Limited Tax Pension Bonds



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800) 352-0001

A GE Capital Company

April 23, 2003

Wells Fargo Bank Northwest, National Association, as Trustee

Seattle-Northwest Securities Corporation,
as Underwriter or as Representative of the Underwriters

Re: \$153,582,299.60 in initial aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A (Deferred Interest Obligations) and Series 2003B (Current Interest Obligations)

Ladies and Gentleman:

I am Senior Counsel of Financial Guaranty Insurance Company ("Financial Guaranty"), and have been requested to render an opinion concerning the issuance by Financial Guaranty of its Municipal Bond New Issue Insurance Policy (the "Policy") in connection with the issuance of the captioned obligations (the "Bonds"). I have examined such documents and records as I have deemed relevant for purposes of this opinion, including (a) the Certificate of Incorporation of Financial Guaranty, including all amendments thereto, (b) the amended By-laws of Financial Guaranty as in effect on the date hereof, (c) the certificate of authority issued to Financial Guaranty by the Superintendent of Insurance of the State of New York, (d) the certificate of authority issued to Financial Guaranty by the Director, Department of Consumer and Business Services of the State of Oregon, (e) the executed Policy and (f) the statements in the Official Statement dated April 10, 2003 relating to the Bonds (the "Official Statement") under the caption "Security for the Obligations - Municipal Bond Insurance".

On the basis of the foregoing, it is my opinion that:

- (1) Financial Guaranty is a stock insurance corporation validly existing and in good standing under the laws of the State of New York and qualified to do business therein and is licensed and authorized to issue its financial guaranty insurance policies under the laws of the State of Oregon.

April 23, 2003

Page 2

- (2) The Policy is valid and binding upon Financial Guaranty and enforceable in accordance with its terms, subject to applicable laws affecting creditors' rights generally.
- (3) Financial Guaranty, as an insurance company, is not eligible for relief under the Federal Bankruptcy Laws. Any proceedings for the liquidation, conservation or rehabilitation of Financial Guaranty would be governed by the provisions of the Insurance Law of the State of New York.
- (4) The statements described above in the Official Statement relating to Financial Guaranty and the Policy accurately and fairly present the summary information set forth therein and do not omit any material fact with respect to the description of Financial Guaranty relative to the material terms of the Policy or the ability of Financial Guaranty to meet its obligations under the Policy.

Very truly yours,



Judith L. Hart
Senior Counsel

/js

03010499



Financial Guaranty Insurance
Company
125 Park Avenue
New York, NY 10017
(212) 312-3000
(800)-352-0001

A GE Capital Company

April 23, 2003

Wells Fargo Bank Northwest, National Association, as Trustee

Preston Gates & Ellis LLP

Re: \$153,582,299.60 in initial aggregate principal amount of Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A (Deferred Interest Obligations) and Series 2003B (Current Interest Obligations)

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Bonds"), Financial Guaranty Insurance Company ("Financial Guaranty") is issuing a municipal bond insurance policy securing the payment of principal and interest on the Bonds (the "Insurance Policy").

This letter is to advise you that, as more fully set forth in the Insurance Policy, (i) the Insurance Policy is an unconditional and recourse obligation of Financial Guaranty (enforceable by or on behalf of the holder of the Bonds) to pay scheduled principal and interest on the Bonds when due in the event of a failure to so pay by the Wells Fargo Bank Northwest, National Association, as Trustee, Oregon (the "Issuer"); (ii) the insurance premium is a charge for the transfer of substantially all of the credit risk for the payment of principal and interest on the Bonds; (iii) except for payments under the Insurance Policy in the case of a failure to pay by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds (A) by Financial Guaranty, (B) by any person related to Financial Guaranty (within the meaning of section 1.150-1(b) of the Income Tax Regulations), (C) by any entity of which Financial Guaranty owns more than ten percent (by fair market value) of its beneficial ownership interests, or (D) by any entity which owns more than 10 percent (by fair market value) of the beneficial ownership interests of Financial Guaranty; and (iv) except for the premium paid to Financial Guaranty for the Insurance Policy, Financial Guaranty (and any related party within the meaning of section 1.150-1(b) of the Income Tax Regulations) will not use any portion of the Bond proceeds. Further, Financial Guaranty does not reasonably expect to

April 23, 2003

Page 2

make payments under the Insurance Policy other than under a direct-pay letter of credit or similar arrangement for which Financial Guaranty will be reimbursed immediately, and, in the event of any such payment, Financial Guaranty will immediately become subrogated to the rights of the Bondholders to receive the full amount of such payment. Financial Guaranty is reasonably assured (based on a binding obligation of an entity with sufficient funds) that sufficient funds will be available to fully retire the Bonds in the event the Issuer fails to pay scheduled principal and interest on the Bonds when due.

In addition, this letter is to advise you that (i) the premium paid for the Insurance Policy does not include any payment (A) for any direct or indirect services other than the transfer of credit risk, (B) for the provision of additional services by Financial Guaranty, or (C) for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as guarantor); (ii) the premium paid includes the overhead costs of Financial Guaranty, such fees paid by Financial Guaranty to maintain its ratings, and other costs that are taken into account in the formulation of the rate structure; (iii) no portion of such premium is a payment for costs of issuance on the Bonds (including rating agency fees, the cost of underwriting or remarketing the Bonds, and the cost of insurance for casualty to Bond-financed property), and, if the requirements of section 1.148-2(e)(2) of the Income Tax Regulations (relating to temporary periods for capital projects) are not satisfied, Financial Guaranty is reasonably assured that the Bonds will be repaid if the project to be financed by the Bonds is not completed. Further, the Issuer is not entitled to a refund of any portion of the premium for the Insurance Policy in the event a Bond is retired before its final maturity date.

Very truly yours,



Judith L. Hart
Senior Counsel

CLOSING MEMORANDUM

**OREGON COMMUNITY COLLEGE DISTRICTS
LIMITED TAX PENSION OBLIGATIONS, SERIES 2003
(Federally Taxable)**

\$73,067,299.60	\$80,515,000
Series 2003 A	Series 2003 B
(Deferred Interest Obligations)	(Current Interest Obligations)

Dated Date and Delivery Date (Series 2003 A): April 23, 2003

Dated Date and Delivery Date (Series 2003 B): April 23, 2003

**(BOOK-ENTRY-ONLY)
(FGIC INSURED)**

Preclosing will be held at the offices of Preston Gates & Ellis LLP, 222 S.W. Columbia Street, Suite 1400, Portland, Oregon, at 1:00 p.m. on Friday, April 18, 2003, in the Hawthorne Conference Room. Closing will be held at 8:30 a.m. on Wednesday, April 23, 2003 at the same location.

Listed below are the basic documents and the closing certificates and documents required for this issue. The initials or other designation of the party or parties responsible for drafting, executing and/or providing the document to Bond Counsel on or prior to Closing precede each document or certificate listed. Those certificates preceded by "PGE" will be prepared by Bond Counsel for execution at closing. All documents and certificates presented to Bond Counsel should be originals or certified true copies of originals.

Party initials or other designations are as follows:

PGE: Preston Gates & Ellis LLP (Bond Counsel)
SNW: Seattle-Northwest Securities Corporation (Underwriter)
OH&S: Orrick, Herrington & Sutcliffe LLP (Underwriter's Counsel)
WFB: Wells Fargo Bank Northwest, National Association (Trustee)
CCC: The Charles Carter Company (Financial Advisor)
FGIC: Financial Guaranty Insurance Company (Bond Insurer)
ODE: Oregon Department of Education (Agency)
Treas: Oregon State Treasury/Municipal Debt Advisory Commission (MDAC)
S&P: Standard & Poor's Rating Group (Rating Agency)
DTC: The Depository Trust Company (Securities Depository)

<u>No.</u>	<u>Party</u>	<u>Document:</u>
1.	PGE	Distribution List.
2.	PGE/WFB	Transcript Certification.

No. Party Document:

BASIC DOCUMENTS:

3. PGE/ Issuers/WFB Trust Agreement, dated as of April 23, 2003.
4. PGE/Issuers/WFB Intercept Agreement, dated as of April 23, 2003 executed by Wells Fargo Bank Northwest, National Association, the Issuers and the Agency.
5. SNW/OH&S Obligation Purchase Agreement.
6. SNW Certificate of State Treasurer; MDAC Form 1 – Notice of Bond Sale and MDAC Form 2 – Results of Bond Sale.
7. SNW/OH&S Preliminary Official Statement dated March 28, 2003.
8. SNW/OH&S Official Statement dated April 10, 2003.
9. PGE Copy of Series 2003 A Obligation No. R-1.
10. PGE Copy of Series 2003 B Obligation No. R-1.
11. FGIC Copy of Municipal Bond Insurance Policy No. 03010499.
12. PGE Copy of Blanket Issuer Letter of Representations to DTC, dated April 15, 2003.

TRUSTEE, PAYING AGENT AND REGISTRAR'S DOCUMENTS:

13. WFB Paying Agent and Registrar's Authorization to Execute Documents.
14. PGE/WFB Trustee's Continuing Disclosure Certificate.
15. PGE/WFB Certificate of Trustee and Receipt for Pension Bonds.
16. PGE/WFB Receipt for and Acceptance of Obligations; Receipt for Insurance Policy.
17. PGE/WFB Receipt for Obligation Proceeds.

UNDERWRITER'S DOCUMENTS:

18. PGE/SNW Acknowledgment of Delivery of Obligations.
19. SNW/FGIC Rating letter from Standard & Poor's Rating Group.

OBLIGATION INSURER'S DOCUMENT:

20. FGIC Copy of Commitment for Municipal Bond Insurance dated March 31, 2003.

No. Party Document:

FINANCIAL ADVISORS' DOCUMENTS:

21. CCC Financial Advisor letters of The Charles Carter Company.

OPINIONS & MISCELLANEOUS:

22. PGE Legal Opinion of Bond Counsel (Preston Gates & Ellis LLP) and Reliance Letter.

23. PGE Supplemental Opinion of Bond Counsel (Preston Gates & Ellis LLP).

24. PGE Opinion of Underwriters' Counsel (Orrick, Herrington & Sutcliffe LLP).

25. WFB Opinion of Trustee's Counsel (David L. Blackner, Esq.).

26. FGIC Opinions of Insurer's Counsel.

27. PGE Closing Memorandum.

ISSUERS' DOCUMENTS:

Central Oregon Community College District (the "District")

28. DISTRICT Resolution Authorizing Issuance of Limited Tax Pension Bonds.

29. PGE/DISTRICT General Certificate.

30. PGE/DISTRICT Continuing Disclosure Certificate.

31. PGE/DISTRICT Bond Purchase Agreement (including Standard Terms for Sale).

32. PGE/DISTRICT Copy of Limited Tax Pension Bond.

33. PGE/DISTRICT Internal Revenue Service Form 8281.

34. SNW Memorandum of Closing.

Chemeketa Community College District (the "District")

35. DISTRICT Resolution Authorizing Issuance of Limited Tax Pension Bonds.

36. PGE/DISTRICT General Certificate.

37. PGE/DISTRICT Continuing Disclosure Certificate.

38. PGE/DISTRICT Bond Purchase Agreement (including Standard Terms for Sale).

39. PGE/DISTRICT Copy of Limited Tax Pension Bond.

<u>No.</u>	<u>Party</u>	<u>Document:</u>
40.	PGE/DISTRICT	Internal Revenue Service Form 8281.
41.	SNW	Memorandum of Closing.

Columbia Gorge Community College District (the "District")

42.	DISTRICT	Resolution Authorizing Issuance of Limited Tax Pension Bonds.
43.	PGE/DISTRICT	General Certificate.
44.	PGE/DISTRICT	Continuing Disclosure Certificate.
45.	PGE/DISTRICT	Bond Purchase Agreement (including Standard Terms for Sale).
46.	PGE/DISTRICT	Copy of Limited Tax Pension Bond.
47.	PGE/DISTRICT	Internal Revenue Service Form 8281.
48.	SNW	Memorandum of Closing.

Lane Community College District (the "District")

49.	DISTRICT	Resolution Authorizing Issuance of Limited Tax Pension Bonds.
50.	PGE/DISTRICT	General Certificate.
51.	PGE/DISTRICT	Continuing Disclosure Certificate.
52.	PGE/DISTRICT	Bond Purchase Agreement (including Standard Terms for Sale).
53.	PGE/DISTRICT	Copy of Limited Tax Pension Bond.
54.	PGE/DISTRICT	Internal Revenue Service Form 8281.
55.	SNW	Memorandum of Closing.

Mt. Hood Community College District (the "District")

56.	DISTRICT	Resolution Authorizing Issuance of Limited Tax Pension Bonds.
57.	PGE/DISTRICT	General Certificate.
58.	PGE/DISTRICT	Designation of Authorized Representative.
59.	PGE/DISTRICT	Continuing Disclosure Certificate.
60.	PGE/DISTRICT	Bond Purchase Agreement (including Standard Terms for Sale).

<u>No.</u>	<u>Party</u>	<u>Document:</u>
61.	PGE/DISTRICT	Copy of Limited Tax Pension Bond.
62.	PGE/DISTRICT	Internal Revenue Service Form 8281.
63.	SNW	Memorandum of Closing.

Treasure Valley Community College District (the "District")

64.	DISTRICT	Resolution Authorizing Issuance of Limited Tax Pension Bonds.
65.	PGE/DISTRICT	General Certificate.
66.	PGE/DISTRICT	Continuing Disclosure Certificate.
67.	PGE/DISTRICT	Bond Purchase Agreement (including Standard Terms for Sale).
68.	PGE/DISTRICT	Copy of Limited Tax Pension Bond.
69.	PGE/DISTRICT	Internal Revenue Service Form 8281.
70.	SNW	Memorandum of Closing.

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, DESCHUTES, CROOK, JEFFERSON, WASCO, KLAMATH AND LAKE COUNTIES, OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Central Oregon Community College District, Deschutes, Crook, Jefferson, Wasco, Klamath and Lake Counties, Oregon, is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability;

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$20,519,818 as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF DIRECTORS OF CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, DESCHUTES, CROOK, JEFFERSON, WASCO, KLAMATH AND LAKE COUNTIES, OREGON RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

"Available General Funds" means: (i) all the District's ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

“Bond” means the District’s Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

“Bond Payment Date” means a date on which a Bond Payment is due.

“Bond Payments” means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“District” means [*the District*], Oregon, or its successors.

“District Official” means the President, Vice President or their designee.

“Event of Default” refers to an Event of Default listed in Section 9(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Intercept Agreement” means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

“Intercept Payment” means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

“Participants” or “Participating Districts” means community college districts that participate in the Program.

“Program” means the Oregon Community College Association’s pooled pension bond program for community college districts.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

“Program Trust Agreement” means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

“Qualified Consultant” means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

"Security Payments" means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

"Special Counsel" means Ater Wynne LLP, Portland, Oregon

"Sponsor" means the Oregon Community College Association, the sponsor of the Program.

"State" means the State of Oregon, or any agency thereof.

"State Community College Revenues" means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

"Underwriter" means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the most recent estimate of the District's allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee.

(2) Bond proceeds shall be used to pay the District's unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district's liability.

(3) The Bond shall be a "federally taxable bond" which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 6.75% per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

(1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.

(2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.

(3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.

(4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.

(5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.

(6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

(7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

(8) Execute and deliver one or more Intercept Agreements and any related documents.

(9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

(1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.

(2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.

(3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District's Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that

would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District's failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance

with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.


In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Resolution.
- (2) References to one gender shall include all genders.
- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

Section 12. Effective Date.

This resolution shall take effect on the date of its passage by the District.

[the District], Oregon

By: 
Chair

ATTEST:

By: 
President

Public Employees Retirement System Lump-Sum Payment Considerations February 21, 2002

Because PERS is aware that some employers are considering selling bonds to offset all or part of their PERS unfunded actuarial liability, we felt it important that we provide information that employers should be aware of in making that decision.

Bonding has the potential to save millions of dollars for employers. But like any loan process, some risk is involved. We want you to be fully aware of all the risks at the same time that you consider the rewards. Thus we have prepared the following discussion. It notes risks that should be considered and provides information about how PERS will treat payments from employers targeted at amortizing unfunded actuarial liabilities.

There are certain variables and risks regarding PERS that should be taken into consideration when an employer is considering a non-scheduled lump-sum contribution payment (lump-sum payment) for the purposes of reducing employer Unfunded Actuarial Liabilities (UAL). The source of these risks include, but are not limited to: 1) current and future litigation; 2) future changes in Board policies; 3) future changes in accounting and federal requirements; and 4) future changes in, and the interpretation of, state statutes.

In addition to these and other potential PERS risk variables that might affect the anticipated value of an employer's lump-sum payment in the future, employers should be aware of the following:

1. Estimates of lump-sum payment amounts provided by PERS represent the UAL as of the last valuation date (Dec. 31, 2000). The estimates do not represent the true UAL responsibility of the employer at the time the payment is made or in the future;
2. Employers making lump-sum payments will still be responsible for any or all pension liabilities attributed to them;
3. Lump-sum payments, once made, become the property of the trust, although employers will be given full credit for lump-sum payments in the calculation of their employer rates; and
4. PERS provides no guarantees regarding assumed earnings rates, the crediting of earnings, or other actuarial assumptions or methods that may affect the anticipated value of lump-sum payments. ✓

Risk Variables

Employers should assess certain risks prior to making a lump sum payment as they could affect the anticipated value of the payment or the rate relief that the employer is anticipating. These risk variables include, but are not necessarily limited to:

Unfunded Actuarial Liabilities (UAL) and Lump-sum Payment Treatment
UAL is the difference between the present value of "accrued liabilities" and the value of

assets (either smoothed or fair market value) as of a specific date. Lump-sum payments will not change accrued liabilities, as these actuarial liabilities represent future benefits to be paid to members or their beneficiaries. Instead, lump-sum payments will be treated as prepaid contributions which will increase the actuarial value of assets attributed to the employer making the payment. By increasing the value of assets to offset the actuarial liabilities, the UAL will be reduced, therefore reducing the employer's rate.

A lump-sum payment does not affect the accrued liabilities attributed to the employer making the payment. The lump-sum payment will be used to increase the assets attributed to the employer, which will be used to offset the employer's liabilities, thus reducing the employer's overall UAL.

The reduction in the individual employer's contribution rate will be equivalent to an amortization of the lump-sum payment over the expected payroll of the employer, increasing with wage inflation over the course of the remaining amortization period, and discounted at the assumed earnings rate. The rate relief, as a percentage of employer's payroll, may change over the course of time depending on the actual future payroll of the employer and assumptions and methods adopted by the Board for financing the system's obligations.

Basis for Lump-sum Payments

The most recent actuarial valuation will become the basis for calculating UALs. The most recent valuation was conducted as of December 31, 2000. Although this valuation was not used to set employer rates, because it provides the most recent information, it will be the basis for estimating employer UAL's on which employers may base their lump-sum payment amounts at this time. Lump-sum payments made after completion of the 2001 valuation will be based on those results.

An employer may have an outstanding UAL that was calculated on an individual employer basis, or as a participant in an actuarial funding pool. A lump-sum payment may be made to offset all, or a portion of, the outstanding UAL regardless of its source.

Changing Nature of UALs

Each time a valuation is conducted, it provides a new assessment of the system's financial position. Employer UALs are an important product of each valuation. Valuations represent a financial "snap-shot" of employer pension obligations as of a particular point in time. As subsequent valuations are conducted, they provide a fresh look at the system's pension obligations. These obligations can experience significant changes from valuation period to valuation period. This, in turn, can cause the UAL of the system and of individual employers to also change.

The December 31, 2001 valuation, when completed late in 2002, is expected to show a significant increase in employer UALs. This increase will result from losses sustained by the PERS investment portfolio during 2001. For employers making lump-sum payments based upon the 2000 valuation, it is highly probable that they will see an additional UAL reported in the 2001 valuation.

Assumed Rate of Return on Investments

The PERS actuarially assumed rate of return on investments is currently 8.00%. This estimate is what the PERS Fund expects to earn, on average, over a 30-year period and is

the basis for amortizing employer liabilities and surpluses. This would also be the basis for amortizing employer lump-sum payments. Because this assumption is subject to review during each valuation, it could change if necessitated by a change in long-term market projections.

A decrease in the assumed rate from the current 8% would cause a reduction in the anticipated value of the unamortized portion of the lump-sum payment, thus reducing the amount of rate relief associated with the lump-sum payment as a percentage of payroll. In turn, an increase in the assumed earnings rate will result in an increase in the anticipated value of the unamortized portion of the lump-sum payment, thus increasing the amount of rate relief as a percentage of payroll. Given current market conditions, if a change were made, it would likely result in a reduction in the assumed rate.

Although the PERS Board has traditionally considered changes in the assumed rate at the time of each valuation, it is possible that the Board, based upon actuarial analysis, will consider changes in the assumed rate at an earlier time than the next valuation.

The PERS Board takes a conservative approach to changing the assumed rate. From 1975 through 1978, the assumed rate was 7.0%. From 1979 through 1988, the assumed rate was 7.50%. Since 1989, the rate has been 8.0%.

Earnings Crediting Policy

Earnings will be credited to employer lump-sum payments using the same method that is used to credit earnings to the employer account of the pool in which the employer participates. Currently, the Board maintains a policy of equal percentage crediting to the member, employer, and Benefits-In-Force reserves. Because any lump-sum payment will be amortized over a long period of time (currently 26 years), the possibility exists that a current or future PERS Board may choose or be required by legislation, litigation, or other reasons to change its earnings crediting policy. This could directly impact the value of the unamortized portion of a lump-sum payment in future crediting periods.

Because lump-sum payments will be amortized based on the assumed earnings rate (currently 8% per year), any crediting of earnings to the lump-sum payment that is below the 8% assumed earnings rate would result in a reduction in the anticipated value of the lump-sum payment and the employer would receive less of an offset to the employer's UAL costs than originally anticipated. Likewise, earnings credited in excess of the assumed rate would result in an increase in the anticipated value of the lump-sum payment, which would provide a greater offset to the cost of an employer's pension liabilities.

Amortization Period

Another important variable that can affect the value of a lump-sum payment is the amortization period over which the payment is spread. As of December 31, 2001, the amortization period approved by the PERS Board is 26 years. In addition, the Board has approved a process whereby the amortization period will be shortened every year until it reaches 20 years. At that point, any new UALs will be amortized over a 20-year period as will the remaining value of any previous lump-sum payments. Although this is the Board's current practice, conditions may require the Board to adjust the amortization period to meet future system or regulatory requirements.

If the current or a future PERS Board chose to shorten the UAL amortization period or if the process of reducing the amortization period to 20 years is accelerated, both liabilities and the assets attributed to the employer (including lump sum payments) would be amortized over a shorter period of time. This could cause employer rates to rise if an employer has a UAL at the time the change is made, or fall if the employer has a surplus at the time the change is made. Likewise, a lengthening of the amortization period would have the opposite effects.

Projected Payroll of Employer

The reduction in an employer's contribution rate attributable to a lump-sum payment is based on a projection of the last known payroll of the employer. If the payroll of the employer increases, either faster or slower than assumed, the employer contribution (as a percentage of payroll) will decrease or increase, but the dollar amount of annual rate relief will remain unchanged.

Just as a change in the assumed earnings rate or the amortization period may affect the rate relief, a change in the assumed growth in payroll will also impact the rate relief as a percentage of payroll.

Effect of Legal Contingencies

Unsolved questions of law, including but not limited to those raised by litigation, may change the calculation of liabilities or assets. For example, preliminary rulings in the current case between PERS, employers, and employee representatives has the potential of either increasing or decreasing accrued pension liabilities or allocated assets. Depending on the mix and value of the final court order, this may cause employer UALs to grow larger or shrink. At this point in time, it is impossible to determine the effect, if any, that this case may have on employer UALs.

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GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Central Oregon Community College District is an Issuer of such bonds.

I, Robert Barber, am the President (title) of Central Oregon Community College District, Deschutes, Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to an authorizing Resolution adopted by the Board of Directors of the District on February 27, 2003 (the "Resolution"), to make certifications with respect to the District's \$11,535,637.70 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

CENTRAL OREGON COMMUNITY COLLEGE DISTRICT
DESCHUTES, CROOK, JEFFERSON, KLAMATH, LAKE AND
WASCO COUNTIES, OREGON

By: 
District Official

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Central Oregon Community College District, Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**CENTRAL OREGON COMMUNITY COLLEGE DISTRICT
DESCHUTES, CROOK, JEFFERSON, KLAMATH, LAKE AND
WASCO COUNTIES, OREGON**

By: 
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$11,535,637.70 Central Oregon Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B (Federally Taxable)

The Central Oregon Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

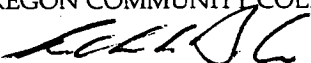
This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

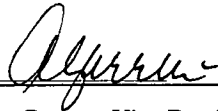
CENTRAL OREGON COMMUNITY COLLEGE DISTRICT, as Issuer

By:



Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

Description of the Central Oregon Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
 Central Oregon Community College
 Final Pricing Numbers (4-9-03)
 50% UAL Amortization

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004		1.400%	1.400%	100.000	4,917.90	
	06/30/2005	33,480.65	2.040%	2.040%	100.000	4,782.95	35,000
	06/30/2006	233,893.65	2.730%	2.730%	100.000	4,586.15	255,000
	06/30/2007	252,555.20	3.330%	3.330%	100.000	4,354.40	290,000
	06/30/2008	264,454.40	3.710%	3.710%	100.000	4,132.10	320,000
	06/30/2009	279,219.60	4.150%	4.150%	100.000	3,878.05	360,000
	06/30/2010	287,694.30	4.460%	4.460%	100.000	3,641.70	395,000
	06/30/2011	296,439.45	4.740%	4.740%	100.000	3,407.35	435,000
	06/30/2012	306,585.60	4.940%	4.940%	100.000	3,193.60	480,000
	06/30/2013	310,398.40	5.130%	5.130%	100.000	2,984.60	520,000
	06/30/2014	313,004.35	5.350%	5.350%	100.000	2,769.95	565,000
	06/30/2015	316,731.15	5.520%	5.520%	100.000	2,575.05	615,000
	06/30/2016	316,166.40	5.660%	5.660%	100.000	2,395.20	660,000
	06/30/2017	315,935.80	5.790%	5.790%	100.000	2,224.90	710,000
	06/30/2018	315,883.80	5.910%	5.910%	100.000	2,064.60	765,000
	06/30/2019	313,469.60	6.030%	6.030%	100.000	1,911.40	820,000
	06/30/2020	313,324.00	6.100%	6.100%	100.000	1,780.25	880,000
	06/30/2021	310,745.20	6.180%	6.180%	100.000	1,652.90	940,000
	06/30/2022	308,180.00	6.230%	6.230%	100.000	1,540.90	1,000,000
	06/30/2023	307,476.15	6.250%	6.250%	100.000	1,443.55	1,065,000
		<u>5,395,637.70</u>					<u>11,110,000</u>
Serial Maturities to 2026:							
	06/30/2024	1,135,000.00	5.660%	5.660%	100.000		
	06/30/2025	1,270,000.00	5.670%	5.670%	100.000		
	06/30/2026	1,415,000.00	5.680%	5.680%	100.000		
		<u>3,820,000.00</u>					
2028 Term Bond:							
	06/30/2027	1,575,000.00	5.600%	5.710%	98.530		
	06/30/2028	745,000.00	5.600%	5.710%	98.530		
		<u>2,320,000.00</u>					
		<u>11,535,637.70</u>					<u>11,110,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	11,535,637.70	
Original Issue Discount	<u>-34,104.00</u>	
Production	11,501,533.70	99.704360%
Underwriter's Discount	<u>-73,783.32</u>	<u>-0.639612%</u>
Purchase Price	11,427,750.38	99.064748%
Accrued Interest		
Net Proceeds	<u>11,427,750.38</u>	

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Central Oregon Community College
Final Pricing Numbers (4-9-03)
50% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:

Par Amount	11,535,637.70
Original Issue Discount	-34,104.00

11,501,533.70

Uses:

Refunding Escrow Deposits:

Cash Deposit	11,326,572.00
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Delivery Date Expenses:

Cost of Issuance	59,403.31
Underwriter's Discount	73,783.32
Bond Insurance (FGIC @ .15%)	37,884.17

171,070.80

Other Uses of Funds:

Additional Proceeds	3,890.90
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11,501,533.70

Exhibit A-3
Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Central Oregon Community College
Final Pricing Numbers (4-9-03)
50% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	2,253.31
Bond Counsel	1.73376	20,000.00
Bond Trustee	2.89538	33,400.00
Official Statement	0.10836	1,250.00
Financial Advisor	0.21672	2,500.00
	5.14955	59,403.31

COPY

No. R-1

\$11,535,637.70

United States of America
State of Oregon
Central Oregon Community College District
Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** ----- ELEVEN MILLION FIVE HUNDRED THIRTY-FIVE THOUSAND
SIX HUNDRED THIRTY-SEVEN DOLLARS AND SEVENTY CENTS-----

The Central Oregon Community College District, Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's authorizing Resolution (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

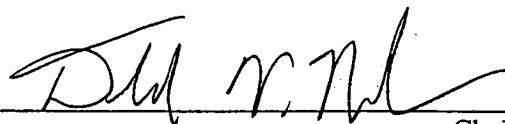
The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Board of Directors of Central Oregon Community College District, Deschutes, Crook, Jefferson, Klamath, Lake and Wasco Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

CENTRAL OREGON COMMUNITY COLLEGE DISTRICT
DESCHUTES, CROOK, JEFFERSON, KLAMATH, LAKE
AND WASCO COUNTIES, OREGON


_____, Chairperson

ATTEST:



_____, District Official

Exhibit A

Central Oregon Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$ 0.00	\$ 0.00	1.40%
6/30/2005	33,480.65	35,000.00	2.04%
6/30/2006	233,893.65	255,000.00	2.73%
6/30/2007	252,555.20	290,000.00	3.33%
6/30/2008	264,454.40	320,000.00	3.71%
6/30/2009	279,219.60	360,000.00	4.15%
6/30/2010	287,694.30	395,000.00	4.46%
6/30/2011	296,439.45	435,000.00	4.74%
6/30/2012	306,585.60	480,000.00	4.94%
6/30/2013	310,398.40	520,000.00	5.13%
6/30/2014	313,004.35	565,000.00	5.35%
6/30/2015	316,731.15	615,000.00	5.52%
6/30/2016	316,166.40	660,000.00	5.66%
6/30/2017	315,935.80	710,000.00	5.79%
6/30/2018	315,883.80	765,000.00	5.91%
6/30/2019	313,469.60	820,000.00	6.03%
6/30/2020	313,324.00	880,000.00	6.10%
6/30/2021	310,745.20	940,000.00	6.18%
6/30/2022	308,180.00	1,000,000.00	6.23%
6/30/2023	307,476.15	1,065,000.00	6.25%

Exhibit B

Central Oregon Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$1,135,000.00	5.66%
6/30/2025	1,270,000.00	5.67%
6/30/2026	1,415,000.00	5.68%
6/30/2027	1,575,000.00*	5.60%
6/30/2028	745,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

OMB No. 1545-0887

▶ **File two copies of the form and any attachments.**

1a Issuer's name Central Oregon Community College District		2 Issuer's taxpayer identification number 93-0505827
1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code) 2600 NW College Way Bend, OR 97701		
3a Name of representative (see instructions) Mr. James R. Jones		3b Telephone number (541) 383-7700
3c Present address (if different from issuer's)		
4 CUSIP number 68583RBA9	5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent ▶ <input type="checkbox"/> See attachment
10 Interest payment dates Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003		
11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment
14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.		

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ *[Handwritten Signature]* Title ▶ *President* Date ▶ *4/15/03*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

CENTRAL OREGON COMMUNITY COLLEGE DISTRICT
Federal Tax I.D. Number: 93-0505827

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redemption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

May 20, 2003

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884**

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



Sarah Campbell
Project Coordinator

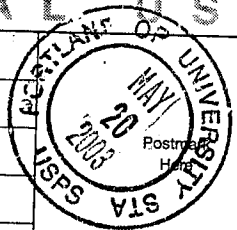
enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

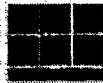
7001 1140 0002 3591 4884

Postage	\$ 2.67
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.72



48806-1 OCCA

Sent To **IRS**
Form 8281 Project
 Street, Apt. No.; or PO Box No. **W: CAR: MP: FP, Room 6406**
 City, State, ZIP+4 **111 Constitution Ave, NW**
Washington DC 20224



**SEATTLE NORTHWEST
SECURITIES CORPORATION**
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Central Oregon Community College
\$11,535,637.70 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Mr. Jim Jones, Central Oregon Community College
Mr. John Gregory, Central Oregon Community College
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Central Oregon Community College
Final Pricing Numbers (4-9-03)
50% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:

Par Amount	11,535,637.70
Original Issue Discount	-34,104.00

11,501,533.70

Uses:

Refunding Escrow Deposits:

Cash Deposit	11,326,572.00
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Delivery Date Expenses:

Cost of Issuance	59,403.31
Underwriter's Discount	73,783.32
Bond Insurance (FGIC @ .15%)	37,884.17
	<hr/>
	171,070.80

Other Uses of Funds:

Additional Proceeds	3,890.90
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11,501,533.70

COST OF ISSUANCE

Community College Pension Bond Pool
Central Oregon Community College
Final Pricing Numbers (4-9-03)
50% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	2,253.31
Bond Counsel	1.73376	20,000.00
Bond Trustee	2.89538	33,400.00
Official Statement	0.10836	1,250.00
Financial Advisor	0.21672	2,500.00
	5.14955	59,403.31

RESOLUTION NO. 02-03-31

A RESOLUTION OF THE BOARD OF DIRECTORS OF Chemeketa Community College DISTRICT, Marion, Linn, Polk and Yamhill COUNTY (OR COUNTIES), OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Chemeketa Community College District, Marion, Linn, Polk and Yamhill County (or Counties), Oregon, is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability;

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$ 56,417,668 as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF DIRECTORS OF Chemeketa Community College DISTRICT, Marion, Linn, Polk and Yamhill COUNTY (OR COUNTIES), OREGON RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

"Available General Funds" means: (i) all the District's ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

“Bond” means the District’s Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

“Bond Payment Date” means a date on which a Bond Payment is due.

“Bond Payments” means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“District” means [Chemeketa Community College], Oregon, or its successors.

“District Official” means the President, Vice President or their designee.

“Event of Default” refers to an Event of Default listed in Section 9(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Intercept Agreement” means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

“Intercept Payment” means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

“Participants” or “Participating Districts” means community college districts that participate in the Program.

“Program” means the Oregon Community College Association’s pooled pension bond program for community college districts.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

“Program Trust Agreement” means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

“Qualified Consultant” means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

"Security Payments" means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

"Special Counsel" means Ater Wynne LLP, Portland, Oregon

"Sponsor" means the Oregon Community College Association, the sponsor of the Program.

"State" means the State of Oregon, or any agency thereof.

"State Community College Revenues" means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

"Underwriter" means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the most recent estimate of the District's allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee.

(2) Bond proceeds shall be used to pay the District's unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district's liability.

(3) The Bond shall be a "federally taxable bond" which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 7.30% per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

- (1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.
- (2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.
- (3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.
- (4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.
- (5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.
- (6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- (8) Execute and deliver one or more Intercept Agreements and any related documents.
- (9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

- (1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.
- (2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.
- (3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District's Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that

would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District's failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance

with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

(1) References to section numbers shall be construed as references to sections of this Resolution.

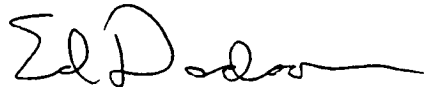
(2) References to one gender shall include all genders.

(3) References to the singular shall include the plural, and references to the plural shall include the singular.

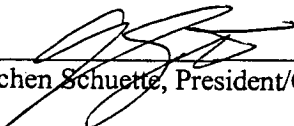
Section 12. Effective Date.

This resolution shall take effect on the date of its passage by the District.

ADOPTED by the Board of Education of the Chemeketa Community College District, Marion, Linn, Polk and Yamhill Counties, Oregon this 19 day of February, 2003.

By: 
Ed Dodson, Chairperson

ATTEST:

By: 
Gretchen Schuette, President/Clerk

GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Chemeketa Community College District District is an Issuer of such bonds.

I, Craig Smith, am the Vice President/CFO (title) of Chemeketa Community College District, Deschutes, Marion, Linn, Polk and Yamhill Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to Resolution No. 02-03-31 adopted by the Board of Directors of the District on February 19, 2003 (the "Resolution"), to make certifications with respect to the District's \$25,374,368.95 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

CHEMEKETA COMMUNITY COLLEGE DISTRICT
MARION, LINN, POLK AND YAMHILL COUNTIES, OREGON

By: _____


District Official

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Chemeketa Community College District, Marion, Linn, Polk and Yamhill Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;


(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**CHEMEKETA COMMUNITY COLLEGE DISTRICT
MARION, LINN, POLK AND YAMHILL COUNTIES,
OREGON**

By: 
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$25,374,368.95 Chemeketa Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B (Federally Taxable)

The Chemeketa Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

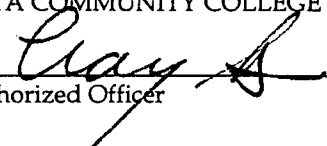
This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

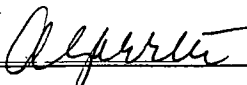
By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CHEMEKETA COMMUNITY COLLEGE DISTRICT, as Issuer

By:


Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

**Description of the Chemeketa Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)**

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
Chemeketa Community College
Final Pricing Numbers (4-9-03)
Specified UAL Payoff Amount

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004	142,619.10	1.400%	1.400%	100.000	4,917.90	145,000
	06/30/2005	301,325.85	2.040%	2.040%	100.000	4,782.95	315,000
	06/30/2006	504,476.50	2.730%	2.730%	100.000	4,586.15	550,000
	06/30/2007	544,300.00	3.330%	3.330%	100.000	4,354.40	625,000
	06/30/2008	578,494.00	3.710%	3.710%	100.000	4,132.10	700,000
	06/30/2009	601,097.75	4.150%	4.150%	100.000	3,878.05	775,000
	06/30/2010	626,372.40	4.460%	4.460%	100.000	3,641.70	860,000
	06/30/2011	643,989.15	4.740%	4.740%	100.000	3,407.35	945,000
	06/30/2012	661,075.20	4.940%	4.940%	100.000	3,193.60	1,035,000
	06/30/2013	674,519.60	5.130%	5.130%	100.000	2,984.60	1,130,000
	06/30/2014	678,637.75	5.350%	5.350%	100.000	2,769.95	1,225,000
	06/30/2015	684,963.30	5.520%	5.520%	100.000	2,575.05	1,330,000
	06/30/2016	687,422.40	5.660%	5.660%	100.000	2,395.20	1,435,000
	06/30/2017	687,494.10	5.790%	5.790%	100.000	2,224.90	1,545,000
	06/30/2018	685,447.20	5.910%	5.910%	100.000	2,064.60	1,660,000
	06/30/2019	680,458.40	6.030%	6.030%	100.000	1,911.40	1,780,000
	06/30/2020	678,275.25	6.100%	6.100%	100.000	1,780.25	1,905,000
	06/30/2021	672,730.30	6.180%	6.180%	100.000	1,652.90	2,035,000
	06/30/2022	668,750.60	6.230%	6.230%	100.000	1,540.90	2,170,000
	06/30/2023	666,920.10	6.250%	6.250%	100.000	1,443.55	2,310,000
		<u>12,069,368.95</u>					<u>24,475,000</u>
Serial Maturities to 2026:							
	06/30/2024	2,460,000.00	5.660%	5.660%	100.000		
	06/30/2025	2,750,000.00	5.670%	5.670%	100.000		
	06/30/2026	<u>3,070,000.00</u>	5.680%	5.680%	100.000		
		8,280,000.00					
2028 Term Bond:							
	06/30/2027	3,410,000.00	5.600%	5.710%	98.530		
	06/30/2028	<u>1,615,000.00</u>	5.600%	5.710%	98.530		
		5,025,000.00					
		<u>25,374,368.95</u>					<u>24,475,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	25,374,368.95	
Original Issue Discount	<u>-73,867.50</u>	
Production	25,300,501.45	99.708889%
Underwriter's Discount	<u>-149,810.23</u>	<u>-0.590400%</u>
Purchase Price	25,150,691.22	99.118489%
Accrued Interest		
Net Proceeds	<u>25,150,691.22</u>	

Exhibit A-3

Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Chemeketa Community College
Final Pricing Numbers (4-9-03)
Specified UAL Payoff Amount

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	4,956.50
Bond Counsel	0.98525	25,000.00
Bond Trustee	1.31629	33,400.00
Official Statement	0.04926	1,250.00
Financial Advisor	0.11823	3,000.00
	2.66436	67,606.50

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Chemeketa Community College
Final Pricing Numbers (4-9-03)
Specified UAL Payoff Amount

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:
 Par Amount 25,374,368.95
 Original Issue Discount -73,867.50

25,300,501.45

Uses:

Refunding Escrow Deposits:
 Cash Deposit 25,000,000.00

Delivery Date Expenses:
 Cost of Issuance 67,606.50
 Underwriter's Discount 149,810.23
 Bond Insurance (FGIC @ .15%) 82,693.13

300,109.86

Other Uses of Funds:
 Additional Proceeds 391.59

25,300,501.45

COPY

No. R-1

\$25,374,368.95

United States of America
State of Oregon
Chemeketa Community College District
Marion, Linn, Polk and Yamhill Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** ----- TWENTY-FIVE MILLION THREE HUNDRED SEVENTY-FOUR
THOUSAND THREE HUNDRED SIXTY-EIGHT DOLLARS AND NINETY-
FIVE CENTS-----

The Chemeketa Community College District, Marion, Linn, Polk and Yamhill Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's Resolution No. 02-03-31 (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Marion, Linn, Polk and Yamhill Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

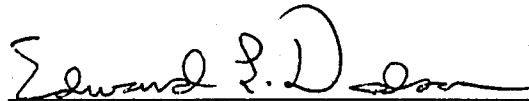
The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.


IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Board of Directors of Chemeketa Community College District, Marion, Linn, Polk and Yamhill Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

CHEMEKETA COMMUNITY COLLEGE DISTRICT
MARION, LINN, POLK AND YAMHILL COUNTIES,
OREGON


_____, Chairperson

ATTEST:



V.P. / CFO, District Official

Exhibit A

Chemeketa Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$142,619.10	\$ 145,000.00	1.40%
6/30/2005	301,325.85	315,000.00	2.04%
6/30/2006	504,476.50	550,000.00	2.73%
6/30/2007	544,300.00	625,000.00	3.33%
6/30/2008	578,494.00	700,000.00	3.71%
6/30/2009	601,097.75	775,000.00	4.15%
6/30/2010	626,372.40	860,000.00	4.46%
6/30/2011	643,989.15	945,000.00	4.74%
6/30/2012	661,075.20	1,035,000.00	4.94%
6/30/2013	674,519.60	1,130,000.00	5.13%
6/30/2014	678,637.75	1,225,000.00	5.35%
6/30/2015	684,963.30	1,330,000.00	5.52%
6/30/2016	687,422.40	1,435,000.00	5.66%
6/30/2017	687,494.10	1,545,000.00	5.79%
6/30/2018	685,447.20	1,660,000.00	5.91%
6/30/2019	680,458.40	1,780,000.00	6.03%
6/30/2020	678,275.25	1,905,000.00	6.10%
6/30/2021	672,730.30	2,035,000.00	6.18%
6/30/2022	668,750.60	2,170,000.00	6.23%
6/30/2023	666,920.10	2,310,000.00	6.25%

Exhibit B

Chemeketa Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$2,460,000.00	5.66%
6/30/2025	2,750,000.00	5.67%
6/30/2026	3,070,000.00	5.68%
6/30/2027	3,410,000.00*	5.60%
6/30/2028	1,615,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

OMB No. 1545-0887

► **File two copies of the form and any attachments.**

1a Issuer's name Chemeketa Community College District		2 Issuer's taxpayer identification number 93-0585134
1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code) 4000 Lancaster Dr. NE Salem, OR 97309		
3a Name of representative (see instructions) Mr. Craig Smith		3b Telephone number (503) 399-5000
3c Present address (if different from issuer's)		
4 CUSIP number 68583RBA9	5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent ► <input type="checkbox"/> See attachment
10 Interest payment dates Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003		
11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment
14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.		

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ► *Clayton* Title ► *VP/CFO* Date ► *4-11-03*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

CHEMEKETA COMMUNITY COLLEGE DISTRICT

Federal Tax I.D. Number: 93-0585134

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redemption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

Form 8281 Attachment

Chemeketa Community College District
Federal Taxpayers I.D.: 93-0585134

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Maturity	\$ 51.05	\$ 67.30	\$ 87.65	\$ 100.85	\$ 106.65	\$ 112.15	\$ 112.95	\$ 112.35	\$ 109.85	\$ 106.60	\$ 102.85	\$ 98.95	\$ 94.45	\$ 89.70	\$ 84.95	\$ 80.15	\$ 75.50	\$ 71.00	\$ 66.70	\$ 62.70	\$ 58.95	\$ 55.45
2004 \$	37.25	99.00	129.75	149.95	159.05	167.90	169.55	168.95	165.55	160.90	155.45	149.80	143.25	136.15	129.05	121.95	114.95	108.10	101.65	95.55	89.80	84.45
2005 \$	-	50.25	133.35	155.00	165.00	174.95	177.25	177.15	173.90	169.30	163.80	158.25	151.55	144.20	136.85	129.45	122.10	114.95	108.10	101.65	95.55	89.80
2006 \$	-	-	68.10	160.25	171.20	182.35	185.20	185.65	182.60	178.10	172.70	167.10	160.35	152.75	145.15	137.45	129.70	122.25	114.95	108.10	101.65	95.55
2007 \$	-	-	-	82.15	177.60	190.05	193.60	194.55	191.75	187.40	182.00	176.50	169.65	161.75	153.95	145.90	137.85	129.90	122.30	115.00	108.10	101.65
2008 \$	-	-	-	-	91.35	198.00	202.35	203.90	201.40	197.20	191.85	186.40	179.40	171.30	163.25	154.90	146.40	138.15	130.05	122.25	115.00	108.10
2009 \$	-	-	-	-	-	102.15	211.50	213.70	211.50	207.45	202.25	196.85	189.85	181.50	173.10	164.45	155.60	146.90	138.30	130.10	122.25	115.00
2010 \$	-	-	-	-	-	-	109.35	224.00	222.15	218.30	213.10	207.95	200.85	192.15	183.60	174.60	165.30	156.15	147.15	138.35	130.10	122.25
2011 \$	-	-	-	-	-	-	-	116.00	233.30	229.70	224.65	219.60	212.45	203.60	194.70	185.30	175.60	166.00	156.45	147.20	138.35	130.10
2012 \$	-	-	-	-	-	-	-	-	121.00	241.65	236.75	231.95	224.75	215.60	206.45	196.80	186.60	176.50	166.45	156.55	147.20	138.35
2013 \$	-	-	-	-	-	-	-	-	-	125.55	249.60	244.95	237.80	228.35	218.95	208.85	198.20	187.65	177.00	166.50	156.55	147.20
2014 \$	-	-	-	-	-	-	-	-	-	-	129.80	258.75	251.55	241.85	232.20	221.75	210.65	199.50	188.25	177.15	166.50	156.55
2015 \$	-	-	-	-	-	-	-	-	-	-	-	134.80	266.15	256.20	246.25	235.45	223.75	212.10	200.20	188.40	177.15	166.50
2016 \$	-	-	-	-	-	-	-	-	-	-	-	-	138.80	271.30	261.15	249.90	237.70	225.50	212.95	200.40	188.40	177.15
2017 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	141.65	276.95	265.30	252.60	239.75	226.50	213.15	200.40	188.40
2018 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144.70	281.70	268.35	254.90	240.90	226.75	213.15	200.40
2019 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147.30	285.10	271.00	256.20	241.20	226.75	213.15
2020 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149.20	288.10	272.50	256.50	241.20	226.75
2021 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	150.85	289.80	272.90	256.50	241.20
2022 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151.80	290.25	256.50	241.20
2023 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152.00	256.50	241.20
2024 \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	256.50	241.20

May 20, 2003

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



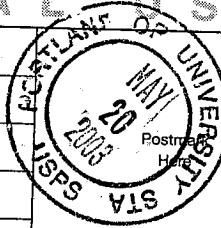
Sarah Campbell
Project Coordinator

enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 2.67
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.72



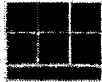
48806-1 OCCA

7001 1140 0002 3591 4884

Sent To IRS
Form 8281 Project
 Street, Apt. No.;
 or PO Box No. W: CAR; MP: FP, Room 6406
 City, State, ZIP+ 4 111 Constitution Ave, NW
Washington DC 20224

PS Form 3800, January 2001

See Reverse for Instructions



SEATTLE-NORTHWEST
SECURITIES CORPORATION
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Chemeketa Community College
\$25,374,368.95 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Mr. Craig Smith, Chemeketa Community College
Ms. Annie Foster, Chemeketa Community College
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Chemeketa Community College
Final Pricing Numbers (4-9-03)
Specified UAL Payoff Amount

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	25,374,368.95
Original Issue Discount	-73,867.50
	<hr/>
	25,300,501.45

Uses:

Refunding Escrow Deposits:	
Cash Deposit	25,000,000.00
Delivery Date Expenses:	
Cost of Issuance	67,606.50
Underwriter's Discount	149,810.23
Bond Insurance (FGIC @ .15%)	82,693.13
	<hr/>
	300,109.86
Other Uses of Funds:	
Additional Proceeds	391.59
	<hr/>
	25,300,501.45

COST OF ISSUANCE

Community College Pension Bond Pool
Chemeketa Community College
Final Pricing Numbers (4-9-03)
Specified UAL Payoff Amount

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	4,956.50
Bond Counsel	0.98525	25,000.00
Bond Trustee	1.31629	33,400.00
Official Statement	0.04926	1,250.00
Financial Advisor	0.11823	3,000.00
	2.66436	67,606.50

RESOLUTION

A RESOLUTION OF THE BOARD OF DIRECTORS OF COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT, HOOD RIVER AND WASCO COUNTIES, OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Columbia Gorge Community College District, Hood River and Wasco Counties, Oregon, is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability;

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$3,144,960 as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF DIRECTORS OF COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT, HOOD RIVER AND WASCO COUNTIES, OREGON RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

"Available General Funds" means: (i) all the District's ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

"Bond" means the District's Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

“Bond Payment Date” means a date on which a Bond Payment is due.

“Bond Payments” means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“District” means Columbia Gorge Community College, Oregon, or its successors.

“District Official” means the President, Business Manager or their designee.

“Event of Default” refers to an Event of Default listed in Section 9(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Intercept Agreement” means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

“Intercept Payment” means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

“Participants” or “Participating Districts” means community college districts that participate in the Program.

“Program” means the Oregon Community College Association’s pooled pension bond program for community college districts.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

“Program Trust Agreement” means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

“Qualified Consultant” means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

“Security Payments” means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make

Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

"Special Counsel" means Ater Wynne LLP, Portland, Oregon

"Sponsor" means the Oregon Community College Association, the sponsor of the Program.

"State" means the State of Oregon, or any agency thereof.

"State Community College Revenues" means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

"Underwriter" means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the most recent estimate of the District's allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee.

(2) Bond proceeds shall be used to pay the District's unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district's liability.

(3) The Bond shall be a "federally taxable bond" which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 7.30% per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

- (1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.
- (2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.
- (3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.
- (4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.
- (5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.
- (6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- (8) Execute and deliver one or more Intercept Agreements and any related documents.
- (9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

- (1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.
- (2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.
- (3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District's Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that

would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District's failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance

with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

(1) References to section numbers shall be construed as references to sections of this Resolution.

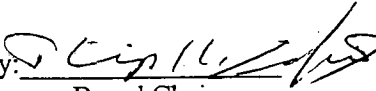
(2) References to one gender shall include all genders.

(3) References to the singular shall include the plural, and references to the plural shall include the singular.

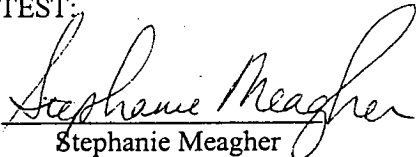
Section 12. Effective Date.

This resolution shall take effect on the date of its passage by the District.

Columbia Gorge Community College, Oregon

By: 
Board Chair

ATTEST:

By: 
Stephanie Meagher
Assistant to the Board of Education

GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Columbia Gorge Community College District is an Issuer of such bonds.

I, Saundra Buchanan, am the Business Manager (title) of Columbia Gorge Community College District, Deschutes, Wasco and Hood River Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to an authorizing Resolution adopted by the Board of Directors of the District on January 22, 2003 (the "Resolution"), to make certifications with respect to the District's \$3,570,327.10 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT
WASCO AND HOOD RIVER COUNTIES, OREGON

By: Saundra Buchanan, Business Manager
District Official

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Columbia Gorge Community College District, Wasco and Hood River Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT
WASCO AND HOOD RIVER COUNTIES, OREGON**

By: Sandra Buchanan, Business Manager
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$3,570,327.10 Columbia Gorge Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B (Federally Taxable)

The Columbia Gorge Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

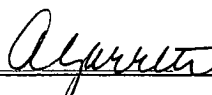
This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT, as Issuer

By: Saundra Buchanan, Business Manager
Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

Description of the Columbia Gorge Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
Columbia Gorge Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004	59,014.80	1.400%	1.400%	100.000	4,917.90	60,000
	06/30/2005	81,310.15	2.040%	2.040%	100.000	4,782.95	85,000
	06/30/2006	68,792.25	2.730%	2.730%	100.000	4,586.15	75,000
	06/30/2007	74,024.80	3.330%	3.330%	100.000	4,354.40	85,000
	06/30/2008	82,642.00	3.710%	3.710%	100.000	4,132.10	100,000
	06/30/2009	85,317.10	4.150%	4.150%	100.000	3,878.05	110,000
	06/30/2010	87,400.80	4.460%	4.460%	100.000	3,641.70	120,000
	06/30/2011	88,591.10	4.740%	4.740%	100.000	3,407.35	130,000
	06/30/2012	92,614.40	4.940%	4.940%	100.000	3,193.60	145,000
	06/30/2013	92,522.60	5.130%	5.130%	100.000	2,984.60	155,000
	06/30/2014	94,178.30	5.350%	5.350%	100.000	2,769.95	170,000
	06/30/2015	95,276.85	5.520%	5.520%	100.000	2,575.05	185,000
	06/30/2016	95,808.00	5.660%	5.660%	100.000	2,395.20	200,000
	06/30/2017	95,670.70	5.790%	5.790%	100.000	2,224.90	215,000
	06/30/2018	94,971.60	5.910%	5.910%	100.000	2,064.60	230,000
	06/30/2019	93,658.60	6.030%	6.030%	100.000	1,911.40	245,000
	06/30/2020	92,573.00	6.100%	6.100%	100.000	1,780.25	260,000
	06/30/2021	92,562.40	6.180%	6.180%	100.000	1,652.90	280,000
	06/30/2022	92,454.00	6.230%	6.230%	100.000	1,540.90	300,000
	06/30/2023	90,943.65	6.250%	6.250%	100.000	1,443.55	315,000
		<u>1,750,327.10</u>					<u>3,465,000</u>
Serial Maturities to 2026:							
	06/30/2024	335,000.00	5.660%	5.660%	100.000		
	06/30/2025	375,000.00	5.670%	5.670%	100.000		
	06/30/2026	420,000.00	5.680%	5.680%	100.000		
		<u>1,130,000.00</u>					
2028 Term Bond:							
	06/30/2027	465,000.00	5.600%	5.710%	98.530		
	06/30/2028	225,000.00	5.600%	5.710%	98.530		
		<u>690,000.00</u>					
		<u>3,570,327.10</u>					<u>3,465,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	3,570,327.10	
Original Issue Discount	-10,143.00	
Production	3,560,184.10	99.715908%
Underwriter's Discount	-25,407.89	-0.711640%
Purchase Price	3,534,776.21	99.004268%
Accrued Interest		
Net Proceeds	3,534,776.21	

Exhibit A-3

Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Columbia Gorge Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	697.41
Bond Counsel	2.80086	10,000.00
Bond Trustee	9.35489	33,400.00
Official Statement	0.35011	1,250.00
Financial Advisor	0.42013	1,500.00
	13.12132	46,847.41

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Columbia Gorge Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:

Par Amount	3,570,327.10
Original Issue Discount	-10,143.00
	<hr/>
	3,560,184.10

Uses:

Refunding Escrow Deposits:

Cash Deposit	3,471,807.00
--------------	--------------

Delivery Date Expenses:

Cost of Issuance	46,847.41
Underwriter's Discount	25,407.89
Bond Insurance (FGIC @ .15%)	11,488.08
	<hr/>
	83,743.38

Other Uses of Funds:

Additional Proceeds	4,633.72
	<hr/>
	3,560,184.10

COPY

No. R-1

\$3,570,327.10

United States of America
State of Oregon
Columbia Gorge Community College District
Wasco and Hood River Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** -----THREE MILLION FIVE HUNDRED SEVENTY THOUSAND THREE
HUNDRED TWENTY-SEVEN DOLLARS AND TEN CENTS-----

The Columbia Gorge Community College District, Wasco and Hood River Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's authorizing Resolution (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Wasco and Hood River Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

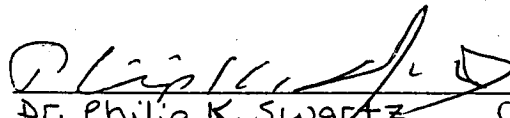
The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Board of Directors of Columbia Gorge Community College District, Wasco and Hood River Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT
WASCO AND HOOD RIVER COUNTIES, OREGON



Dr. Philip K. Swartz, Chairperson

ATTEST:



Sandra Buchanan, District Official

Exhibit A

Columbia Gorge Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$59,014.80	\$60,000.00	1.40%
6/30/2005	81,310.15	85,000.00	2.04%
6/30/2006	68,792.25	75,000.00	2.73%
6/30/2007	74,024.80	85,000.00	3.33%
6/30/2008	82,642.00	100,000.00	3.71%
6/30/2009	85,317.10	110,000.00	4.15%
6/30/2010	87,400.80	120,000.00	4.46%
6/30/2011	88,591.10	130,000.00	4.74%
6/30/2012	92,614.40	145,000.00	4.94%
6/30/2013	92,522.60	155,000.00	5.13%
6/30/2014	94,178.30	170,000.00	5.35%
6/30/2015	95,276.85	185,000.00	5.52%
6/30/2016	95,808.00	200,000.00	5.66%
6/30/2017	95,670.70	215,000.00	5.79%
6/30/2018	94,971.60	230,000.00	5.91%
6/30/2019	93,658.60	245,000.00	6.03%
6/30/2020	92,573.00	260,000.00	6.10%
6/30/2021	92,562.40	280,000.00	6.18%
6/30/2022	92,454.00	300,000.00	6.23%
6/30/2023	90,943.65	315,000.00	6.25%

Exhibit B

Columbia Gorge Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$335,000.00	5.66%
6/30/2025	375,000.00	5.67%
6/30/2026	420,000.00	5.68%
6/30/2027	465,000.00*	5.60%
6/30/2028	225,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

► **File two copies of the form and any attachments.**

1a Issuer's name Columbia Gorge Community College District		2 Issuer's taxpayer identification number 93-0700843
1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code) 400 E. Scenic Drive The Dalles, OR 97058		
3a Name of representative (see instructions) Ms. Sandra Buchanan		3b Telephone number (541) 296-6182
3c Present address (if different from issuer's)		
4 CUSIP number 68583RBA9	5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent ► <input type="checkbox"/> See attachment
10 Interest payment dates Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003		
11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment
14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.		

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ► Sandra Buchanan Title ► Business Manager Date ► 4/11/2003

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

COLUMBIA GORGE COMMUNITY COLLEGE DISTRICT

Federal Tax I.D. Number: 93-0700843

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redemption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

May 20, 2003

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884**

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



Sarah Campbell
Project Coordinator

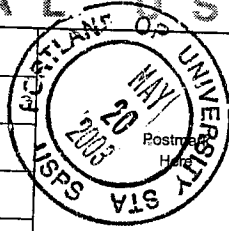
enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

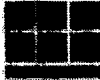
7001 1140 0002 3591 4884

Postage	\$ 2.67
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.72



48806-1 OCCA

Sent To **IRS**
Form 8281 Project
 Street, Apt. No.;
 or PO Box No. **W: CAR: MP: FP, Room 6406**
 City, State, ZIP+ 4 **111 Constitution Ave, NW**
Washington DC 20224



**SEATTLE-NORTHWEST
SECURITIES CORPORATION**
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Columbia Gorge Community College
\$3,570,327.10 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Ms. Sandra Buchanan, Columbia Gorge Community College
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Columbia Gorge Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	3,570,327.10
Original Issue Discount	-10,143.00
	<hr/>
	3,560,184.10

Uses:

Refunding Escrow Deposits:	
Cash Deposit	3,471,807.00
Delivery Date Expenses:	
Cost of Issuance	46,847.41
Underwriter's Discount	25,407.89
Bond Insurance (FGIC @ .15%)	11,488.08
	<hr/>
	83,743.38
Other Uses of Funds:	
Additional Proceeds	4,633.72
	<hr/>
	3,560,184.10

COST OF ISSUANCE

Community College Pension Bond Pool
Columbia Gorge Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	697.41
Bond Counsel	2.80086	10,000.00
Bond Trustee	9.35489	33,400.00
Official Statement	0.35011	1,250.00
Financial Advisor	0.42013	1,500.00
	13.12132	46,847.41

RESOLUTION NO. 479

A RESOLUTION OF THE BOARD OF DIRECTORS OF LANE COMMUNITY COLLEGE DISTRICT, OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Lane Community College District, Oregon, is authorized by ORS 238.692 to 238.698 (to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability);

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System (OPERS) and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$69,000,000 as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF DIRECTORS OF LANE COMMUNITY COLLEGE DISTRICT RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

Additional Charges means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

Available General Funds means: (i) all the District ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

Bond means the District Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

Bond Payment Date means a date on which a Bond Payment is due.

Bond Payments means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

Business Day means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

District means Lane Community College District, or its successors.

District Official means the President, Vice President or their designee.

Event of Default refers to an Event of Default listed in Section 9(1) of this Resolution.

Government Obligations means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Intercept Agreement means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

Intercept Payment means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

Participants or Participating Districts means community college districts that participate in the Program.

Program means the Oregon Community College Association pooled pension bond program for community college districts.

Program Obligations means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

Program Trust Agreement means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

Program Trustee means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

Qualified Consultant means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

Resolution means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

Security Payments means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

Special Counsel means Ater Wynne LLP, Portland, Oregon

Sponsor means the Oregon Community College Association, the sponsor of the Program.

State means the State of Oregon, or any agency thereof.

State Community College Revenues means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

Underwriter means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed seventy five percent (75%) of the amount necessary to produce net proceeds equal to the most recent estimate of the District allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee. Providing however, the District shall be under no obligation to participate in this program upon giving notice to Seattle-Northwest Securities of its intent not to participate seven (7) days prior to the date of pricing.

(2) Bond proceeds shall be used to pay the District unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district liability.

(3) The Bond shall be a federally taxable bond which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 7% per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

(1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.

(2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.

(3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.

(4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.

(5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.

(6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

(7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

(8) Execute and deliver one or more Intercept Agreements and any related documents.

(9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

(1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.

(2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.

(3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

(1) References to section numbers shall be construed as references to sections of this Resolution.

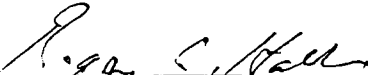
(2) References to one gender shall include all genders.

(3) References to the singular shall include the plural, and references to the plural shall include the singular.

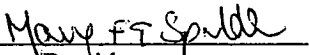
Section 12. Effective Date.

This resolution shall take effect on February 12, 2003.

LANE COMMUNITY COLLEGE DISTRICT

By: 
Chair

ATTEST:

By: 
President

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GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Lane Community College District District is an Issuer of such bonds.

I, Marie Matsen, am the Vice President / Deputy Clerk (title) of Lane Community College District, Deschutes, Lane, Benton, Douglas and Linn Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to Resolution No. 479 adopted by the Board of Directors of the District on February 12, 2003 (the "Resolution"), to make certifications with respect to the District's \$51,803,948.25 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

LANE COMMUNITY COLLEGE DISTRICT
LANE, BENTON, DOUGLAS AND LINN COUNTIES, OREGON

By: 
District Official

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Lane Community College District, Lane, Benton, Douglas and Linn Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**LANE COMMUNITY COLLEGE DISTRICT
LANE, BENTON, DOUGLAS AND LINN COUNTIES,
OREGON**

By: 
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$51,803,948.25 Lane Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B
(Federally Taxable)

The Lane Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

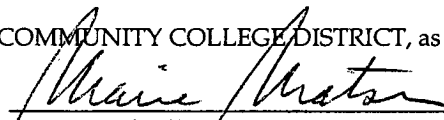
This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

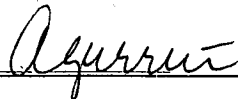
LANE COMMUNITY COLLEGE DISTRICT, as Issuer

By:



Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

Description of the Lane Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
Lane Community College
Final Pricing Numbers (4-9-03)
75% UAL Amortization

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004	373,760.40	1.400%	1.400%	100.000	4,917.90	380,000
	06/30/2005	698,310.70	2.040%	2.040%	100.000	4,782.95	730,000
	06/30/2006	1,022,711.45	2.730%	2.730%	100.000	4,586.15	1,115,000
	06/30/2007	1,101,663.20	3.330%	3.330%	100.000	4,354.40	1,265,000
	06/30/2008	1,173,516.40	3.710%	3.710%	100.000	4,132.10	1,420,000
	06/30/2009	1,225,463.80	4.150%	4.150%	100.000	3,878.05	1,580,000
	06/30/2010	1,274,595.00	4.460%	4.460%	100.000	3,641.70	1,750,000
	06/30/2011	1,311,829.75	4.740%	4.740%	100.000	3,407.35	1,925,000
	06/30/2012	1,344,505.60	4.940%	4.940%	100.000	3,193.60	2,105,000
	06/30/2013	1,369,931.40	5.130%	5.130%	100.000	2,984.60	2,295,000
	06/30/2014	1,382,205.05	5.350%	5.350%	100.000	2,769.95	2,495,000
	06/30/2015	1,390,527.00	5.520%	5.520%	100.000	2,575.05	2,700,000
	06/30/2016	1,396,401.60	5.660%	5.660%	100.000	2,395.20	2,915,000
	06/30/2017	1,397,237.20	5.790%	5.790%	100.000	2,224.90	3,140,000
	06/30/2018	1,393,605.00	5.910%	5.910%	100.000	2,064.60	3,375,000
	06/30/2019	1,383,853.60	6.030%	6.030%	100.000	1,911.40	3,620,000
	06/30/2020	1,379,693.75	6.100%	6.100%	100.000	1,780.25	3,875,000
	06/30/2021	1,368,601.20	6.180%	6.180%	100.000	1,652.90	4,140,000
	06/30/2022	1,362,155.60	6.230%	6.230%	100.000	1,540.90	4,420,000
	06/30/2023	1,358,380.55	6.250%	6.250%	100.000	1,443.55	4,705,000
		<u>24,708,948.25</u>					<u>49,950,000</u>
Serial Maturities to 2026:							
	06/30/2024	5,010,000.00	5.660%	5.660%	100.000		
	06/30/2025	5,605,000.00	5.670%	5.670%	100.000		
	06/30/2026	6,250,000.00	5.680%	5.680%	100.000		
		<u>16,865,000.00</u>					
2028 Term Bond:							
	06/30/2027	6,945,000.00	5.600%	5.710%	98.530		
	06/30/2028	3,285,000.00	5.600%	5.710%	98.530		
		<u>10,230,000.00</u>					
		<u>51,803,948.25</u>					<u>49,950,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	51,803,948.25	
Original Issue Discount	-150,381.00	
Production	51,653,567.25	99.709711%
Underwriter's Discount	-285,018.71	-0.550187%
Purchase Price	51,368,548.54	99.159524%
Accrued Interest		
Net Proceeds	51,368,548.54	

Exhibit A-3

Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Lane Community College
Final Pricing Numbers (4-9-03)
75% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	10,119.12
Bond Counsel	0.48259	25,000.00
Bond Trustee	0.03957	2,050.00
Official Statement	0.02413	1,250.00
Financial Advisor	0.05791	3,000.00
	0.79954	41,419.12

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Lane Community College
Final Pricing Numbers (4-9-03)
75% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	51,803,948.25
Original Issue Discount	-150,381.00
	<hr/>
	51,653,567.25

Uses:

Refunding Escrow Deposits:	
Cash Deposit	51,154,369.00
Delivery Date Expenses:	
Cost of Issuance	41,419.12
Underwriter's Discount	285,018.71
Bond Insurance (FGIC @ .15%)	168,561.38
	<hr/>
	494,999.21
Other Uses of Funds:	
Additional Proceeds	4,199.04
	<hr/>
	51,653,567.25

COPY

No. R-1

\$51,803,948.25

United States of America
State of Oregon
Lane Community College District
Lane, Benton, Douglas and Linn Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** -----FIFTY-ONE MILLION EIGHT HUNDRED THREE THOUSAND NINE
HUNDRED FORTY-EIGHT DOLLARS AND TWENTY-FIVE CENTS-----

The Lane Community College District, Lane, Benton, Douglas and Linn Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's Resolution No. 479 (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Lane, Benton, Douglas and Linn Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

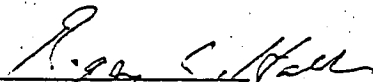
The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Board of Directors of Lane Community College District, Lane, Benton, Douglas and Linn Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

LANE COMMUNITY COLLEGE DISTRICT
LANE, BENTON, DOUGLAS AND LINN
COUNTIES, OREGON

By: 
Chair

ATTEST:

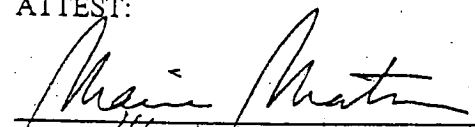

4/15/03, District Official

Exhibit A

Lane Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$ 373,760.40	\$ 380,000.00	1.40%
6/30/2005	698,310.70	730,000.00	2.04%
6/30/2006	1,022,711.45	1,115,000.00	2.73%
6/30/2007	1,101,663.20	1,265,000.00	3.33%
6/30/2008	1,173,516.40	1,420,000.00	3.71%
6/30/2009	1,225,463.80	1,580,000.00	4.15%
6/30/2010	1,274,595.00	1,750,000.00	4.46%
6/30/2011	1,311,829.75	1,925,000.00	4.74%
6/30/2012	1,344,505.60	2,105,000.00	4.94%
6/30/2013	1,369,931.40	2,295,000.00	5.13%
6/30/2014	1,382,205.05	2,495,000.00	5.35%
6/30/2015	1,390,527.00	2,700,000.00	5.52%
6/30/2016	1,396,401.60	2,915,000.00	5.66%
6/30/2017	1,397,237.20	3,140,000.00	5.79%
6/30/2018	1,393,605.00	3,375,000.00	5.91%
6/30/2019	1,383,853.60	3,620,000.00	6.03%
6/30/2020	1,379,693.75	3,875,000.00	6.10%
6/30/2021	1,368,601.20	4,140,000.00	6.18%
6/30/2022	1,362,155.60	4,420,000.00	6.23%
6/30/2023	1,358,380.55	4,705,000.00	6.25%

Exhibit B

Lane Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$5,010,000.00	5.66%
6/30/2025	5,605,000.00	5.67%
6/30/2026	6,250,000.00	5.68%
6/30/2027	6,945,000.00*	5.60%
6/30/2028	3,285,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

OMB No. 1545-0887

► **File two copies of the form and any attachments.**

1a Issuer's name
Lane Community College District

2 Issuer's taxpayer identification number
93-0546223

1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code)
**4000 E. 30th Avenue
 Eugene, OR 97405**

3a Name of representative (see instructions)
Ms. Marie Matsen

3b Telephone number
(541) 747-4501

3c Present address (if different from issuer's)

4 CUSIP number 68583RBA9	5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent ► <input type="checkbox"/> See attachment

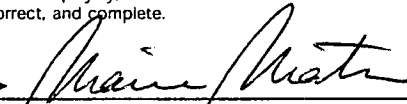
10 Interest payment dates
Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003

11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment
---	--	---

14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ►  Title ► **Vice President/
Deputy Clerk** Date ► **April 15, 2003**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

LANE COMMUNITY COLLEGE DISTRICT

Federal Tax I.D. Number: 93-0546223

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redemption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

May 20, 2003

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884**

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



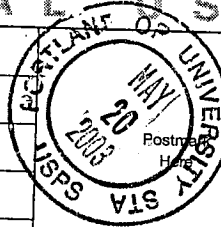
Sarah Campbell
Project Coordinator

enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 2.67
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.72



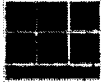
48806-1 OCCA

Sent To **IRS**
Form 8281 Project
 Street, Apt. No.;
 or PO Box No. **W: CAR; MP: FP, Room 6406**
 City, State, ZIP+ 4 **111 Constitution Ave, NW**
Washington DC 20224

PS Form 3800, January 2001

See Reverse for Instructions

7001 1140 0002 2000 1957 4884



**SEATTLE-NORTHWEST
SECURITIES CORPORATION**
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Lane Community College
\$51,803,948.25 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Ms. Marie Matsen, Lane Community College
Mr. Stan Barker, Lane Community College
Ms. Rebecca Chao, Regional Financial Advisors
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Lane Community College
Final Pricing Numbers (4-9-03)
75% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	51,803,948.25
Original Issue Discount	-150,381.00
	<hr/>
	51,653,567.25

Uses:

Refunding Escrow Deposits:	
Cash Deposit	51,154,369.00
Delivery Date Expenses:	
Cost of Issuance	41,419.12
Underwriter's Discount	285,018.71
Bond Insurance (FGIC @ .15%)	168,561.38
	<hr/>
	494,999.21
Other Uses of Funds:	
Additional Proceeds	4,199.04
	<hr/>
	51,653,567.25

COST OF ISSUANCE

Community College Pension Bond Pool
Lane Community College
Final Pricing Numbers (4-9-03)
75% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19533	10,119.12
Bond Counsel	0.48259	25,000.00
Bond Trustee	0.03957	2,050.00
Official Statement	0.02413	1,250.00
Financial Advisor	0.05791	3,000.00
	0.79954	41,419.12

MT. HOOD COMMUNITY COLLEGE DISTRICT
BOARD OF EDUCATION

COPY

DATE: February 12, 2003

ACTION

EXHIBIT: D

SUBJECT: PERS BONDING PROPOSAL

Administration proposes that MHCC issue bonds of up to approximately \$50.1 million (see attachment 1 - final number to be provided by PERS) to satisfy the current unfunded actuarial liability (UAL) to PERS. As has been discussed in prior meetings, this debt issuance will result in substantial annual savings to the college. The savings are projected to be approximately \$100,000 to \$675,000 per year, about 5% to 38% annual savings on the UAL debt to PERS (see attachment II).

The interest rates for the bonds are subject to current market conditions at the time of sale. However, the intention is to not proceed with the sale if interest rates exceed 7.0%. Also, if for any other reason the College wishes to not proceed, we can opt out of the sale up to one week in advance of the sale date.

To reiterate, the advantages to the College in proceeding with this sale include:

- Savings of up to approximately \$675,000 per year in payments for the UAL;
- Potential lowering of the College's future payments to PERS if market conditions return to levels experienced earlier in the 1990's;
- Bond rates are at or near all-time lows; and
- The College's payments for the UAL are, at least, partially stabilized.

The potential disadvantage is that the average earnings over the life of the bonds could be less than the interest paid. For reference, over the past 22 years, PERS earnings have not been less than 8%. A recent independent projection indicated a five-year return of 7.9%.

Attached for your review are the resolution (attachment III) you will be asked to approve and the letter of intent (attachment IV). You will note in the resolution that there is reference to an "intercept agreement." This agreement approves the State of Oregon reducing the debt service payment from the College's allocation and paying it to the payee. This arrangement enhances the credit rating of the issuance.

These bonds will be issued in Mt. Hood community college's name. However, the college's debt capacity is extremely large. It is unlikely that this debt would materially affect the college's ability to pursue additional debt in the future. The fiscal condition of the college and the state will, most likely, be the factors having the greatest affect on the college's bond rating.

RECOMMENDATION:

Approval of the attached PERS bonding resolution as presented.

RESOLUTION

A RESOLUTION OF THE BOARD OF EDUCATION OF THE MT. HOOD COMMUNITY COLLEGE DISTRICT, CLACKAMAS, HOOD RIVER AND MULTNOMAH COUNTIES, OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Mt. Hood Community College District, Clackamas, Hood River and Multnomah Counties, Oregon, is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability;

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$50.1 million as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF EDUCATION OF THE MT. HOOD COMMUNITY COLLEGE DISTRICT, CLACKAMAS, HOOD RIVER AND MULTNOMAH COUNTIES, OREGON RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

"Available General Funds" means: (i) all the District's ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

“Bond” means the District’s Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

“Bond Payment Date” means a date on which a Bond Payment is due.

“Bond Payments” means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“District” means *Mt. Hood Community College District* [~~the District~~], Oregon, or its successors.

“District Official” means the President, Vice President or their designee.

“Event of Default” refers to an Event of Default listed in Section 9(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Intercept Agreement” means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

“Intercept Payment” means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

“Participants” or “Participating Districts” means community college districts that participate in the Program.

“Program” means the Oregon Community College Association’s pooled pension bond program for community college districts.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

“Program Trust Agreement” means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

“Qualified Consultant” means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

“Security Payments” means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

“Special Counsel” means Ater Wynne LLP, Portland, Oregon

“Sponsor” means the Oregon Community College Association, the sponsor of the Program.

“State” means the State of Oregon, or any agency thereof.

“State Community College Revenues” means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

“Underwriter” means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the most recent estimate of the District’s allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee.

(2) Bond proceeds shall be used to pay the District’s unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district’s liability.

(3) The Bond shall be a “federally taxable bond” which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than ~~7.30%~~ ^{7.00%} per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

- (1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.
- (2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.
- (3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.
- (4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.
- (5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.
- (6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- (8) Execute and deliver one or more Intercept Agreements and any related documents.
- (9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

- (1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.
- (2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.
- (3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District's Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that

would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District's failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance

with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

(1) References to section numbers shall be construed as references to sections of this Resolution.

(2) References to one gender shall include all genders.

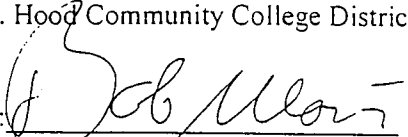
(3) References to the singular shall include the plural, and references to the plural shall include the singular.

Section 12. Effective Date.

This resolution shall take effect on the date of its passage by the District.

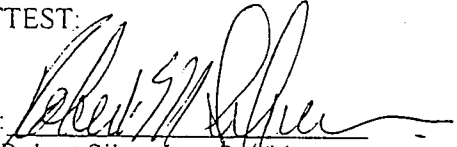
Mt. Hood Community College District, Oregon

By:


Bob Morris, Chair

ATTEST:

By:


Robert Silverman, President

GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Mt. Hood Community College District District is an Issuer of such bonds.

I, Phillip D. Johanson, am the Deputy Clerk / Financial Director (title) of Mt. Hood Community College District, Deschutes, Multnomah, Clackamas and Hood River Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to an authorizing Resolution adopted by the Board of Directors of the District on February 12, 2003 (the "Resolution"), to make certifications with respect to the District's \$50,596,537.25 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

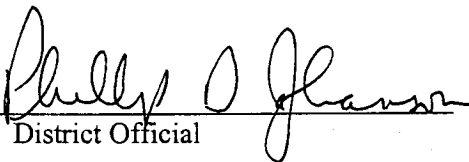
Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

MT. HOOD COMMUNITY COLLEGE DISTRICT
MULTNOMAH, CLACKAMAS AND HOOD RIVER COUNTIES,
OREGON

By: 
District Official

DESIGNATION OF AUTHORIZED REPRESENTATIVE

**Oregon Community College Districts
Limited Tax Pension Obligations, Series 2003
(Federally Taxable)**


\$73,067,299.60
Series 2003A
(Deferred Interest Obligations)

\$80,515,000
Series 2003B
(Current Interest Obligations)

I, William E. Becker, as Vice President and as a duly authorized District Official for Mt. Hood Community College District, Deschutes, Multnomah, Clackamas and Hood River Counties, Oregon (the "District"), pursuant to the provisions of the Resolution adopted by the Board of Directors of the District on February 12, 2003 (the "Resolution"), hereby designate Phillip D. Johanson, Deputy Clerk/Financial Director, as my designee and as a District Official authorized to exercise on behalf of the District all powers and duties of the District Official as set forth in the Resolution, including, but not limited to all powers delegated and set forth in Section 3 of the Resolution.

DATED as of this 21st day of April, 2003.

**MT. HOOD COMMUNITY COLLEGE DISTRICT
MULTNOMAH, CLACKAMAS AND HOOD RIVER COUNTIES,
OREGON**

By: 
William E. Becker
Vice President

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Mt. Hood Community College District, Multnomah, Clackamas and Hood River Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

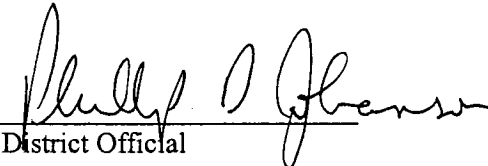
(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**MT. HOOD COMMUNITY COLLEGE DISTRICT
MULTNOMAH, CLACKAMAS AND HOOD RIVER
COUNTIES, OREGON**

By: 
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$50,596,537.25 Mt. Hood Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B (Federally Taxable)

The Mt. Hood Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

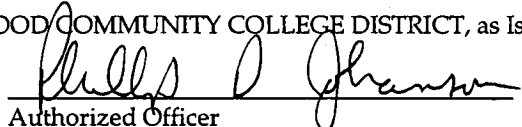
This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

MT. HOOD COMMUNITY COLLEGE DISTRICT, as Issuer

By:


Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: *Alice Garrett*
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

Description of the Mt. Hood Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
Mt. Hood Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004	363,924.60	1.400%	1.400%	100.000	4,917.90	370,000
	06/30/2005	683,961.85	2.040%	2.040%	100.000	4,782.95	715,000
	06/30/2006	999,780.70	2.730%	2.730%	100.000	4,586.15	1,090,000
	06/30/2007	1,075,536.80	3.330%	3.330%	100.000	4,354.40	1,235,000
	06/30/2008	1,144,591.70	3.710%	3.710%	100.000	4,132.10	1,385,000
	06/30/2009	1,194,439.40	4.150%	4.150%	100.000	3,878.05	1,540,000
	06/30/2010	1,241,819.70	4.460%	4.460%	100.000	3,641.70	1,705,000
	06/30/2011	1,281,163.60	4.740%	4.740%	100.000	3,407.35	1,880,000
	06/30/2012	1,312,569.60	4.940%	4.940%	100.000	3,193.60	2,055,000
	06/30/2013	1,337,100.80	5.130%	5.130%	100.000	2,984.60	2,240,000
	06/30/2014	1,348,965.65	5.350%	5.350%	100.000	2,769.95	2,435,000
	06/30/2015	1,359,626.40	5.520%	5.520%	100.000	2,575.05	2,640,000
	06/30/2016	1,365,264.00	5.660%	5.660%	100.000	2,395.20	2,850,000
	06/30/2017	1,366,088.60	5.790%	5.790%	100.000	2,224.90	3,070,000
	06/30/2018	1,362,636.00	5.910%	5.910%	100.000	2,064.60	3,300,000
	06/30/2019	1,351,359.80	6.030%	6.030%	100.000	1,911.40	3,535,000
	06/30/2020	1,347,649.25	6.100%	6.100%	100.000	1,780.25	3,785,000
	06/30/2021	1,337,196.10	6.180%	6.180%	100.000	1,652.90	4,045,000
	06/30/2022	1,329,796.70	6.230%	6.230%	100.000	1,540.90	4,315,000
	06/30/2023	1,328,066.00	6.250%	6.250%	100.000	1,443.55	4,600,000
		<u>24,131,537.25</u>					<u>48,790,000</u>
Serial Maturities to 2026:							
	06/30/2024	4,890,000.00	5.660%	5.660%	100.000		
	06/30/2025	5,475,000.00	5.670%	5.670%	100.000		
	06/30/2026	6,105,000.00	5.680%	5.680%	100.000		
		<u>16,470,000.00</u>					
2028 Term Bond:							
	06/30/2027	6,785,000.00	5.600%	5.710%	98.530		
	06/30/2028	3,210,000.00	5.600%	5.710%	98.530		
		<u>9,995,000.00</u>					
		<u>50,596,537.25</u>					<u>48,790,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	50,596,537.25	
Original Issue Discount	-146,926.50	
Production	50,449,610.75	99.709612%
Underwriter's Discount	-278,841.84	-0.551109%
Purchase Price	50,170,768.91	99.158503%
Accrued Interest		
Net Proceeds	50,170,768.91	

Exhibit A-3

Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Mt. Hood Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	9,883.28
Bond Counsel	0.49410	25,000.00
Bond Trustee	0.66012	33,400.00
Official Statement	0.02471	1,250.00
Financial Advisor	0.07906	4,000.00
	1.45333	73,533.28

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Mt. Hood Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	50,596,537.25
Original Issue Discount	-146,926.50
	<hr/>
	50,449,610.75

Uses:

Refunding Escrow Deposits:	
Cash Deposit	49,929,475.00
Delivery Date Expenses:	
Cost of Issuance	73,533.28
Underwriter's Discount	278,841.84
Bond Insurance (FGIC @ .15%)	164,645.06
	<hr/>
	517,020.18

Other Uses of Funds:	
Additional Proceeds	3,115.57
	<hr/>
	50,449,610.75

COPY

No. R-1

\$50,596,537.25

United States of America
State of Oregon
Mt. Hood Community College District
Multnomah, Clackamas and Hood River Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** -----FIFTY MILLION FIVE HUNDRED NINETY-SIX THOUSAND FIVE
HUNDRED THIRTY-SEVEN DOLLARS AND TWENTY-FIVE CENTS-----

The Mt. Hood Community College District, Multnomah, Clackamas and Hood River Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's authorizing Resolution (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Multnomah, Clackamas and Hood River Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

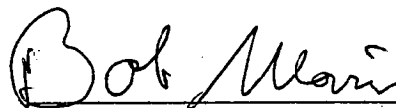
The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Board of Directors of Mt Hood Community College District, Multnomah, Clackamas and Hood River Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

MT. HOOD COMMUNITY COLLEGE DISTRICT
MULTNOMAH, CLACKAMAS AND HOOD RIVER
COUNTIES, OREGON



_____, Chairperson

ATTEST:



_____, District Official

Exhibit A

Mt. Hood Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$ 363,924.60	\$ 370,000.00	1.40%
6/30/2005	683,961.85	715,000.00	2.04%
6/30/2006	999,780.70	1,090,000.00	2.73%
6/30/2007	1,075,536.80	1,235,000.00	3.33%
6/30/2008	1,144,591.70	1,385,000.00	3.71%
6/30/2009	1,194,439.40	1,540,000.00	4.15%
6/30/2010	1,241,819.70	1,705,000.00	4.46%
6/30/2011	1,281,163.60	1,880,000.00	4.74%
6/30/2012	1,312,569.60	2,055,000.00	4.94%
6/30/2013	1,337,100.80	2,240,000.00	5.13%
6/30/2014	1,348,965.65	2,435,000.00	5.35%
6/30/2015	1,359,626.40	2,640,000.00	5.52%
6/30/2016	1,365,264.00	2,850,000.00	5.66%
6/30/2017	1,366,088.60	3,070,000.00	5.79%
6/30/2018	1,362,636.00	3,300,000.00	5.91%
6/30/2019	1,351,359.80	3,535,000.00	6.03%
6/30/2020	1,347,649.25	3,785,000.00	6.10%
6/30/2021	1,337,196.10	4,045,000.00	6.18%
6/30/2022	1,329,796.70	4,315,000.00	6.23%
6/30/2023	1,328,066.00	4,600,000.00	6.25%

Exhibit B

Mt Hood Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$4,890,000.00	5.66%
6/30/2025	5,475,000.00	5.67%
6/30/2026	6,105,000.00	5.68%
6/30/2027	6,785,000.00*	5.60%
6/30/2028	3,210,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

OMB No. 1545-0887

► **File two copies of the form and any attachments.**

1a Issuer's name Mt. Hood Community College District		2 Issuer's taxpayer identification number 93-0546890	
1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code) 26000 SE Stark Street Gresham, OR 97030			
3a Name of representative (see instructions) Mr. Phil D. Johanson		3b Telephone number (503) 491-7449	
3c Present address (if different from issuer's)			
4 CUSIP number 68583RBA9		5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent ► <input type="checkbox"/> See attachment	
10 Interest payment dates Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003			
11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment	
14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.			

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ► *Phil D. Johanson* Title ► *Deputy Clerk/Finance Director* Date ► *4/11/03*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

MT. HOOD COMMUNITY COLLEGE DISTRICT

Federal Tax I.D. Number: 93-0546890

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redmption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

May 20, 2003

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884**

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



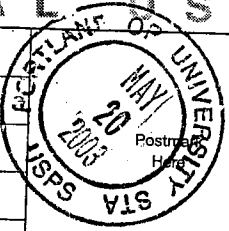
Sarah Campbell
Project Coordinator

enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 2.67
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.72



48806-1 OCCA

7001 1140 0002 3591 4884

Sent To **IRS**
Form 8281 Project
 Street, Apt. No.;
 or PO Box No. **W: CAR; MP: FP, Room 6406**
 City, State, ZIP+ 4 **111 Constitution Ave, NW**
Washington DC 20224



**SEATTLE-NORTHWEST
SECURITIES CORPORATION**
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Mt. Hood Community College
\$50,596,537.25 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Mr. Bill Becker, Mt. Hood Community College
Mr. Phil Johanson, Mt. Hood Community College
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Mt. Hood Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	50,596,537.25
Original Issue Discount	-146,926.50
	<hr/>
	50,449,610.75

Uses:

Refunding Escrow Deposits:	
Cash Deposit	49,929,475.00
Delivery Date Expenses:	
Cost of Issuance	73,533.28
Underwriter's Discount	278,841.84
Bond Insurance (FGIC @ .15%)	164,645.06
	<hr/>
	517,020.18

Other Uses of Funds:	
Additional Proceeds	3,115.57
	<hr/>
	50,449,610.75

COST OF ISSUANCE

Community College Pension Bond Pool
Mt. Hood Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	9,883.28
Bond Counsel	0.49410	25,000.00
Bond Trustee	0.66012	33,400.00
Official Statement	0.02471	1,250.00
Financial Advisor	0.07906	4,000.00
	1.45333	73,533.28

TREASURE VALLEY COMMUNITY COLLEGE

RESOLUTION NO. 02-010

A RESOLUTION OF THE BOARD OF DIRECTORS OF TREASURE VALLEY COMMUNITY COLLEGE DISTRICT, MALHEUR AND BAKER COUNTIES, OREGON, AUTHORIZING PARTICIPATION IN THE OREGON COMMUNITY COLLEGE ASSOCIATION PENSION BOND PROGRAM; AUTHORIZING LIMITED TAX PENSION BONDS, IN ONE OR MORE SERIES.

WHEREAS, the Board of Directors of Treasure Valley Community College District, Malheur and Baker Counties, Oregon, is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability;

WHEREAS, the Act and ORS 288.150 permit the District to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds;

WHEREAS, community college districts have a pooled unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") and, the District's allocated portion of the unfunded pension liability is currently estimated to be \$ 10,577,376 as of December 31, 2001;

WHEREAS, OPERS currently requires the District to pay this unfunded liability over a period of years with interest at eight percent per annum;

WHEREAS, current interest rates in the bond market are below eight percent, creating the opportunity for the District to refinance its unfunded pension liability and reduce its costs;

WHEREAS, the Oregon Community College Association is sponsoring a pension bond program for participating community college districts;

WHEREAS, the Program provides that each participating district will be responsible solely for its obligations under its pension bond and/or bonds, and not for the obligations of any other district under any other pension bond and/or bonds, except to the extent assumed by a surviving district; now therefore,

THE BOARD OF DIRECTORS OF TREASURE VALLEY COMMUNITY COLLEGE DISTRICT, MALHEUR AND BAKER COUNTIES), OREGON RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3).

"Available General Funds" means: (i) all the District's ad valorem property tax revenues received from levies under its permanent rate limit; and, (ii) all other unrestricted taxes, fees, charges, revenues, including tuition charges, and receipts of the District which Oregon law allows or will allow to be spent to make the Bond Payments.

“Bond” means the District’s Limited Tax Pension Bonds, in one or more series, that are authorized by Section 2 of this Resolution.

“Bond Payment Date” means a date on which a Bond Payment is due.

“Bond Payments” means the principal and interest payments, including accreted interest under any deferred interest bond, due under the Bond, and any prepayment premium which is due if Bond principal is prepaid.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“District” means Treasure Valley Community College, Ontario, Oregon, or its successors.

“District Official” means the President, Dean or their designee.

“Event of Default” refers to an Event of Default listed in Section 9(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Intercept Agreement” means an agreement between the District, the Program Trustee and the State or any agency thereof authorized by the Act, of the type described in Section 8 of this Resolution.

“Intercept Payment” means the amount paid by the State to the Program Trustee on behalf of the District under the Intercept Agreement.

“Participants” or “Participating Districts” means community college districts that participate in the Program.

“Program” means the Oregon Community College Association’s pooled pension bond program for community college districts.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by the other Participants in the Program.

“Program Trust Agreement” means a trust agreement between the Program Trustee and the Participants, in which the Program Trustee agrees to hold the Bond and distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank Northwest, National Association, as trustee under the Program Trust Agreement, or its successors.

“Qualified Consultant” means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the District.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

"Security Payments" means the periodic payments that the District must make directly to the Program Trustee to provide sufficient funds for the District to pay its Bond if the State does not make Intercept Payments on the dates and in the amounts those payments are scheduled to be made, as further described in the Program Trust Agreement.

"Special Counsel" means Ater Wynne LLP, Portland, Oregon

"Sponsor" means the Oregon Community College Association, the sponsor of the Program.

"State" means the State of Oregon, or any agency thereof.

"State Community College Revenues" means any state funding for community college districts that is legally available to pay debt service on the pension bonds.

"Underwriter" means Seattle-Northwest Securities Corporation, Portland, Oregon and any co-managers to be determined at their discretion.

Section 2. Bond Authorized.

(1) The District hereby authorizes the issuance, sale and delivery of its Bond, in accordance with this Resolution and in an amount which does not exceed the amount necessary to produce net proceeds equal to the most recent estimate of the District's allocated portion of the unfunded pension liability to OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, including any costs of the Program Trustee.

(2) Bond proceeds shall be used to pay the District's unfunded pension liability to OPERS and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee. The issuance of the Bond and participation in the Program shall not obligate the District to pay any portion of another community college district's liability.

(3) The Bond shall be a "federally taxable bond" which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest will, however, be exempt from Oregon personal income taxation.

(4) OPERS currently requires the District to pay this unfunded liability over an approximate period of 26 years. OPERS charges the District eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for the District. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 7.30% per annum.

(5) The District Official shall compare the cash flows required to pay the Bond to the cash flows currently estimated to pay OPERS for the unfunded pension liability, and determine a Bond structure which the District Official estimates will be advantageous to the District.

(6) The District Official is authorized to execute a letter to be sent to OPERS requesting the necessary payoff figures and to pay any fees required in connection therewith or, if such letter has been executed prior hereto, the Board hereby ratifies such action.

Section 3. Delegation.

The District Official may, on behalf of the District, and without further action by the Board:

(1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.

(2) Establish the final principal amount, Bond Payment schedule, interest rates, sale price and discount, prepayment terms, payment terms and dates, and other terms of the Bond.

(3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee, with the Underwriter and, if required, execute a letter of intent prior to the sale.

(4) Execute and deliver the Program Trust Agreement, which specifies the amount and timing of the Security Payments and authorizes the Program Trustee to issue the Program Obligations, and any other agreements or documents which may be required for participation in the pension bond program sponsored by the Sponsor. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by the District, and the District shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.

(5) Execute and deliver the Bond to the Program Trustee, provided the Bond shall also be executed with the facsimile signature of the Chair of the Board of the District.

(6) Undertake to provide continuing disclosure for the Bond and the Program Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

(7) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

(8) Execute and deliver one or more Intercept Agreements and any related documents.

(9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond, the Program Obligations, the Intercept Agreement and OPERS administrative rules which the District Official finds is desirable to permit the sale and issuance of the Bond and the Program Obligations in accordance with this Resolution.

Section 4. Security for Bond.

(1) The District hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of the District as defined in ORS 288.150, and the District shall pay the Bond from its Available General Funds. The District is not authorized to levy additional taxes to pay the Bond.

(2) To provide additional security for the Bond, the District agrees to enter into an Intercept Agreement.

(3) In the event funds under the Intercept Agreement are insufficient or unavailable or the Intercept Agreement is not in full force and effect for any reason, the District shall make Security Payments to the Program Trustee in accordance with the terms of the Program Trust Agreement.

(4) This Resolution shall constitute a contract with the Program Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of that contract.

Section 5. Prepayment.

The principal component of Bond Payments shall be subject to prepayment on the dates and at the prices established by the District Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

The District hereby covenants and agrees with the Program Trustee for the benefit of the owners of the Program Obligations as follows:

(1) The District shall monitor the availability of State Community College Revenues to make Intercept Payments and, to the extent Intercept Payments are insufficient, covenants to make Security Payments when due.

(2) The District shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.

(3) The District covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee.

(4) To the extent permitted by law, the District covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to the District and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of the District under this Section 6(4) shall survive the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against the District shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(5) The District covenants not to merge, consolidate or dissolve unless the District's Bond has been defeased or the obligation for payment of the Bond has been assumed by the successor entity.

Section 7. Amendment of Resolution and Participation in Program.

The District may amend this Resolution only with the consent of the Program Trustee.

Section 8. State Intercept Agreement.

The District Official is hereby authorized to negotiate, and the District Official is hereby authorized to enter into an Intercept Agreement with the State whereby appropriations from the State that

would otherwise be paid to the District are diverted to the Program Trustee for the purpose of payment of debt service on the Bond. Any such agreement with the State does not relieve the District of its liability to make payments on the Bond.

Section 9. Default and Remedies.

(1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:

(A) Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon prepayment after principal components of Bond Payments have been properly called for prepayment);

(B) Failure by the District to observe and perform any covenant, condition or agreement which this Resolution requires the District to observe or perform for the benefit of Program Trustee, which failure continues for a period of 60 days after written notice to the District by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or

(C) The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

(2) The District's failure to make Bond Payments or Security Payments constitutes an Event of Default as set forth above independently of whether or not the State complies with the provisions of the Intercept Agreement.

(3) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).

(4) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration, and the District shall be responsible solely for its Bond Payments and any Additional Charges reasonably allocated to it.

(5) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity, including allowing the State to withhold future payments. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 10. Defeasance.

(1) The District may defease all or any portion of the Bond Payments in accordance with this Section 10. The District shall be obligated to pay any Bond Payments that are defeased in accordance

with this Section 10 solely from the money and Government Obligations which are deposited in escrow pursuant to this Section 10, unless the amounts available in escrow are insufficient to make the Bond Payments. Bond Payments shall be deemed defeased if the District:

(A) irrevocably deposits money or noncallable Government Obligations in escrow:

(i) with an independent trustee or escrow agent which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make all the Security Payments associated with the Bond Payments which are to be defeased on their maturity dates, and to make any prepayments of Bond Payments described in Section 5 on the dates those prepayments are required to be made if any principal components of defeased Bond Payments are to be prepaid; or

(ii) with the Program Trustee, which mature and pay interest in amounts which are calculated to be sufficient, without reinvestment, to make when due all the Bond Payments which are to be defeased on their maturity or prepayment dates; and

(B) provides irrevocable notice of any prepayments which are to occur in connection with the defeasance to the Program Trustee as provided in the Program Trust Agreement; and

(C) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the Security Payments and prepayments of Bond Payments described in Section 10(1)(A).

(2) The District shall notify the Program Trustee promptly of any defeasance of Bond Payments.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

(1) References to section numbers shall be construed as references to sections of this Resolution.

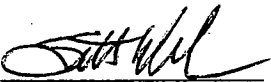
(2) References to one gender shall include all genders.

(3) References to the singular shall include the plural, and references to the plural shall include the singular.

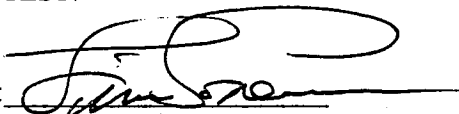
Section 12. Effective Date.

This resolution shall take effect on the date of its passage by the District.

Treasure Valley Community College, Ontario, Oregon

By: 
Scott Wilson, Board Chairperson

ATTEST:

By: 
Dr. Jim Sorensen, President

GENERAL CERTIFICATE

Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable)

The above-captioned obligations (the "Obligations") are being issued by Wells Fargo Bank Northwest, National Association (the "Trustee") and represent proportionate and undivided interest in and right to receive the payments of principal and interest on limited tax bonds issued by certain Oregon community college districts (collectively, the "Issuers") to finance all or a portion of each Issuer's estimated unfunded actuarial liability with the Oregon Public Employees Retirement System. Treasure Valley Community College District is an Issuer of such bonds.

I, Randy R. Griffin, am the Dean of Admin. Ser. (title) of Treasure Valley Community College District, Deschutes, Malheur and Baker Counties, Oregon (the "District") and am an authorized district official (the "District Official") authorized pursuant to 02-010 adopted by the Board of Directors of the District on March 11, 2003 (the "Resolution"), to make certifications with respect to the District's \$10,701,480.35 Limited Tax Pension Bond, Series 2003 (the "Bond"). On behalf of the District, I hereby make the following certifications as of the date of execution of this certificate and as of the date of actual delivery of the Bond:

1. Pursuant to the Resolution, I have: established that the Bond shall be issued in the principal amount, bear interest, be dated and be subject to redemption, and be sold as provided in the bond purchase agreement for the Bond, dated April 10, 2003 (the "Purchase Agreement"), which includes the "Standard Terms for Sale of Community College District Pension Bonds issued in connection with the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003," dated April 10, 2003 (the "Sale Terms" together with the Purchase Agreement, collectively, the "Bond Purchase Agreement") and executed by the District and the Trustee.

2. At the date of signing the Bond, and on this 23rd day of April, 2003, the date of actual delivery of the Bond to the Trustee, the Chair and District Official were authorized to execute the same.

3. The Board of Directors of the District (the "Board") meets in regular session each month. The meetings have been established in due and proper form pursuant to the rules of the Board.

4. A quorum was present throughout each of the meetings of the Board at which action was taken regarding the Bond.

5. The Board has adopted policies to implement the provisions of ORS 192.640 regarding notices of meetings.

6. As required by the Bond Purchase Agreement, execution of this certificate shall constitute execution and delivery by the District of the Official Statement dated April 10, 2003 regarding the Obligations (the "Official Statement") (except for portions of the Official Statement relating to The Depository Trust Company ("DTC"), Financial Guaranty Insurance Company (the "Insurer"), the Trustee, any other Issuer, or Seattle-Northwest Securities Corporation as senior managing underwriter and representative of the underwriters (collectively, the "Underwriters") as to which no representation is made) and further stating that the Preliminary Official Statement, dated as of March 28, 2003, and the Official Statement (specifically excluding information describing DTC, the Insurer, the Trustee, any other

Issuer or the Underwriters, as to which no representation is made), as of its date and as of the date of the Closing, is accurate and complete in all material respects and did not as of its date, and does not as of the date of the Closing contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the District contained in the Bond Purchase Agreement (including the Sale Terms) were true and correct when made and are true and correct as of the date of the Closing.

7. As required by the Bond Purchase Agreement, the District has complied and will comply with all applicable provisions of the Oregon Local Budget Law with respect to the issuance of the Bond.

8. As required by the Bond Purchase Agreement, the District certifies as follows: (a) the representations, warranties and covenants of the District contained in the Bond Purchase Agreement, the Trust Agreement, the Continuing Disclosure Certificate, the Intercept Agreement, the Resolution and the Bond (collectively, the "Documents") to which the District is a party and in the District's Resolution, are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (b) no litigation or other proceedings are pending or threatened in any court in any way affecting the position or title of the authorized officer of the District, or seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, its Bond or any of the Documents to which it is a party, or in any way contesting or affecting the validity or enforceability of the Bond, the Obligations or the Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (except for such portions of the Preliminary Official Statement or the Official Statement relating to any other Issuer or to DTC, the Insurer, the Underwriters and Trustee, as to which no representation is made), or contesting the powers of the District or its authority with respect to the Bond or the Documents; (c) except as disclosed in the Official Statement and except as disclosed by the District in writing prior to the Closing, no litigation or other proceedings are pending or threatened in any court in any way materially affecting the finances of the District; (d) no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and (e) the District has complied in all material respects with, and has satisfied all the conditions on its part to be performed or satisfied under, the Documents at or prior to the Closing.

DATED this 23rd day of April, 2003.

TREASURE VALLEY COMMUNITY COLLEGE DISTRICT
MALHEUR AND BAKER COUNTIES, OREGON

By: 
District Official

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated April 23, 2003, is executed and delivered by Treasure Valley Community College District, Malheur and Baker Counties, Oregon (the "Issuer") in connection with the issuance and delivery of (i) certain limited tax bonds (the "Bonds") to be issued by certain Oregon community college districts (collectively, the "Issuers") and (ii) the Limited Tax Pension Deferred Interest Obligations, Series 2003A (the "2003A Obligations") and the Limited Tax Pension Obligations, Series 2003B (the "2003B Obligations"; together with the Series 2003A Obligations, the "Obligations"), which represent proportionate and undivided interests in and rights to receive payments of principal and interest on the Bonds. The Bonds are issued pursuant to Oregon Revised Statutes Sections 238.692 through 238.698 and 288.150 and resolutions adopted by the governing bodies of the Issuers (the "Resolutions"). The Obligations are issued pursuant to a Trust Agreement dated as of April 23, 2003, by and among the Issuers and the Trustee (the "Trust Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Trust Agreement. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist Seattle-Northwest Securities Corporation and Salomon Smith Barney, Inc. (collectively, the "Underwriters") in complying with SEC Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer's agreements herein cover only the Issuer information. The Issuer has no responsibility for information relating to any other issuer that may be participating in the program (or in the Obligations). Failure to comply by other issuers shall not constitute a failure of the Issuer.

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to each nationally recognized municipal securities information repository for purposes of the Rule (the "NRMSIRs") and to the state information depository, if any, located in the State of Oregon (the "SID"), no later than 270 days after the end of the Issuer's preceding fiscal year, beginning with the fiscal year ending June 30, 2003, certain financial information and operating data, relating to the Issuer only, of the type described in this Section 2 (the "Annual Financial Information") which shall consist of:

(a) the audited financial statements which are presented and prepared in accordance with State law; provided that (i) if such financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available, and (ii) if the accounting principles followed by the Issuer change, the Annual Financial Information for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the former accounting principles, and the Issuer will provide notice of such change in accounting principles in the same manner as set forth in Section 3 below; and

(b) financial information and operating data (within the meaning of the Rule) of the type incorporated into the Official Statement dated April 10, 2003 (the "Official Statement") which is of the nature of (i) assessed property valuations or real market values, property tax levy rates, debt ratios, major taxpayers or property tax collections, (ii) state revenues received by the Issuer, and (iii) outstanding indebtedness and debt capacity of the Issuer.

Certain items of Annual Financial Information may be provided by way of cross-reference to other documents previously provided to each NRMSIR and to the SID, if any, or filed with the U.S.

Securities and Exchange Commission. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the Municipal Securities Rulemaking Board (the "MSRB").

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each nationally recognized municipal securities information repository (the "NRMSIRs") or to the Municipal Securities Rulemaking Board (the "MSRB"), and (ii) to the SID, if any, notice of the occurrence of any of the following events relating to the Issuer with respect to the Bonds, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- g. modifications to rights of holders of the Bonds;
- h. bond calls;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Bonds; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID, if any, notice of a failure by the Issuer to provide the Annual Financial Information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Bonds. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligations hereunder shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Bonds, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to each NRMSIR or the MSRB and to the SID, if any, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of the holders of the Obligations and shall be enforceable by or on behalf of such holders; provided that, the right of Obligation holders to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of Obligation holders representing twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate under the following conditions:

(a) The amendment may only be made in accordance with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

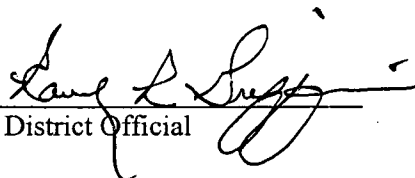
(b) This undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of holders of the Obligations pursuant to the terms of the Resolution at the time of the amendment.

Section 9. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated this 23rd day of April, 2003.

**TREASURE VALLEY COMMUNITY COLLEGE DISTRICT
MALHEUR AND BAKER COUNTIES, OREGON**

By: 
District Official

April 10, 2003

BOND PURCHASE AGREEMENT

\$10,701,480.35 Treasure Valley Community College District Limited Tax Pension Bond, Series 2003A and Series 2003B (Federally Taxable)

The Treasure Valley Community College District (the "Issuer") offers to sell its Limited Tax Pension Bond, Series 2003, which is described in the attached Exhibit A (the "Bond") to Wells Fargo Bank Northwest, National Association, Portland, Oregon, not in its individual capacity but solely as trustee (the "Trustee"), under the Trust Agreement for the Oregon Community College Districts Limited Tax Pension Obligations, Series 2003A and Series 2003B (the "Obligations"). Subject to the terms and conditions of the Obligation Purchase Agreement mentioned below, the Obligations are to be purchased from the Trustee by Seattle-Northwest Securities Corporation, as senior managing underwriter (the "Representative"), and Citigroup Global Markets Inc, as co-managing underwriter (collectively, the "Underwriters"). Subject to the terms hereof, the Issuer shall be obligated to sell its Bond to the Trustee upon execution of this Bond Purchase Agreement (the "Bond Purchase Agreement") by the Trustee and the Issuer.

The terms of the sale of the Bonds that are not specified in this Bond Purchase Agreement shall be the terms stated in the "Standard Terms for Sale of Community College District Pension Bonds," dated April 10, 2003 (the "Sale Terms"), which the Issuer acknowledges it has received and reviewed. The provisions of the Sale Terms are incorporated into this Bond Purchase Agreement by reference, and are a part of this Bond Purchase Agreement. The Issuer agrees to comply with its obligations, agreements and covenants stated in the Sale Terms and hereby confirms that the representations about the Issuer in the Sale Terms are accurate on this date.

The Issuer acknowledges that the Trustee's obligation to purchase the Issuer's Bond is contingent upon a number of factors, including the purchase of the Obligations from the Trustee, as provided in the Sale Terms and in the Obligations Purchase Agreement referred to therein. The Issuer acknowledges that the Sale Terms require the Issuer to disclose any litigation against the Issuer if the litigation: may have a material, adverse effect on the Issuer's financial condition; is not disclosed in the Official Statement; and is filed on or before the closing date. The Issuer further acknowledges that the Trustee may decline to purchase the Bond if such litigation is filed.

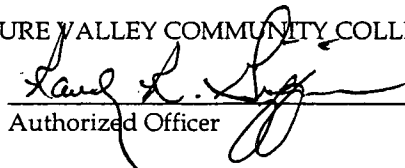
This offer will expire on April 10, 2003 at 9:00 a.m., Pacific Standard Time, unless this Bond Purchase Agreement is signed by the Issuer and the Trustee on or before that date and time. The closing and delivery of the Bond will take place on the date shown in Exhibit A.

This Bond Purchase Agreement may be executed by manual or facsimile signature in any number of counterparts, all of which shall be one and the same instrument, and any party hereto may execute this Bond Purchase Agreement by signing any such counterpart.

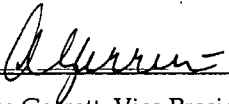
By executing and delivering this Bond Purchase Agreement, the Issuer acknowledges that taking into account the changes, if any, noted on Schedule 1 attached hereto, the Official Statement, dated the date hereof, relating to the Obligations (except for any information concerning any other Issuer and except for information concerning DTC, the Trustee, the Insurer or the Underwriters, as to which no representation is made) is accurate and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

TREASURE VALLEY COMMUNITY COLLEGE DISTRICT, as Issuer

By:


Authorized Officer

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION (Not in its individual capacity but solely as Trustee)

By: 
Alice Garrett, Vice President

SCHEDULE 1

Required Changes to the Official Statement

EXHIBIT A-1

Description of the Treasure Valley Community College District
Limited Tax Pension Bond, Series 2003 (Federally Taxable)

- (1) Denominations: Single installment bond in an aggregate principal amount equal to the principal amount of the deferred interest principal installments shown below, plus the principal amount of the current interest principal installments shown below.
- (2) Interest Accrual Date: December 30, 2003
- (3) Form: Registered, in the name of the Trustee
- (4) Offer Expires: 9:00 a.m., Pacific Standard Time, April 10, 2003
- (5) Bond Counsel: Preston Gates & Ellis LLP
- (6) Preclosing and Closing: Preclosing will take place at the offices of Bond Counsel, in Portland, Oregon, on April 22, 2003 at 1:00 p.m. Closing will take place at the offices of Bond Counsel on April 23, 2003, at 8:30 a.m.
- (7) Delivery: To the Trustee.
- (8) Closing Date: April 23, 2003.
- (9) Optional Prepayment: Principal installments are not subject to prepayment prior to their respective due dates.

Exhibit A-2

Bond Pricing

BOND PRICING

Community College Pension Bond Pool
 Treasure Valley Community College
 Final Pricing Numbers (4-9-03)
 100% UAL Amortization

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal per \$5,000 at Maturity	CAB Value at Maturity
Zero Coupon Bonds:							
	06/30/2004		1.400%	1.400%	100.000	4,917.90	
	06/30/2005	47,829.50	2.040%	2.040%	100.000	4,782.95	50,000
	06/30/2006	215,549.05	2.730%	2.730%	100.000	4,586.15	235,000
	06/30/2007	230,783.20	3.330%	3.330%	100.000	4,354.40	265,000
	06/30/2008	247,926.00	3.710%	3.710%	100.000	4,132.10	300,000
	06/30/2009	255,951.30	4.150%	4.150%	100.000	3,878.05	330,000
	06/30/2010	265,844.10	4.460%	4.460%	100.000	3,641.70	365,000
	06/30/2011	275,995.35	4.740%	4.740%	100.000	3,407.35	405,000
	06/30/2012	281,036.80	4.940%	4.940%	100.000	3,193.60	440,000
	06/30/2013	286,521.60	5.130%	5.130%	100.000	2,984.60	480,000
	06/30/2014	290,844.75	5.350%	5.350%	100.000	2,769.95	525,000
	06/30/2015	290,980.65	5.520%	5.520%	100.000	2,575.05	565,000
	06/30/2016	294,609.60	5.660%	5.660%	100.000	2,395.20	615,000
	06/30/2017	293,686.80	5.790%	5.790%	100.000	2,224.90	660,000
	06/30/2018	293,173.20	5.910%	5.910%	100.000	2,064.60	710,000
	06/30/2019	290,532.80	6.030%	6.030%	100.000	1,911.40	760,000
	06/30/2020	290,180.75	6.100%	6.100%	100.000	1,780.25	815,000
	06/30/2021	287,604.60	6.180%	6.180%	100.000	1,652.90	870,000
	06/30/2022	286,607.40	6.230%	6.230%	100.000	1,540.90	930,000
	06/30/2023	285,822.90	6.250%	6.250%	100.000	1,443.55	990,000
		<u>5,011,480.35</u>					<u>10,310,000</u>
Serial Maturities to 2026:							
	06/30/2024	1,050,000.00	5.660%	5.660%	100.000		
	06/30/2025	1,175,000.00	5.670%	5.670%	100.000		
	06/30/2026	1,315,000.00	5.680%	5.680%	100.000		
		<u>3,540,000.00</u>					
2028 Term Bond:							
	06/30/2027	1,460,000.00	5.600%	5.710%	98.530		
	06/30/2028	690,000.00	5.600%	5.710%	98.530		
		<u>2,150,000.00</u>					
		<u>10,701,480.35</u>					<u>10,310,000</u>

Dated Date	04/23/2003	
Delivery Date	04/23/2003	
First Coupon	12/30/2003	
Par Amount	10,701,480.35	
Original Issue Discount	-31,605.00	
Production	10,669,875.35	99.704667%
Underwriter's Discount	-69,532.63	-0.649748%
Purchase Price	10,600,342.72	99.054919%
Accrued Interest		
Net Proceeds	10,600,342.72	

Exhibit A-3

Cost of Issuance

COST OF ISSUANCE

Community College Pension Bond Pool
Treasure Valley Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	2,090.38
Bond Counsel	1.86890	20,000.00
Bond Trustee	0.19156	2,050.00
Official Statement	0.11681	1,250.00
Financial Advisor	0.23361	2,500.00
	2.60622	27,890.38

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Treasure Valley Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:

Par Amount	10,701,480.35
Original Issue Discount	-31,605.00
	<hr/>
	10,669,875.35

Uses:

Refunding Escrow Deposits:

Cash Deposit	10,536,250.00
--------------	---------------

Delivery Date Expenses:

Cost of Issuance	27,890.38
Underwriter's Discount	69,532.63
Bond Insurance (FGIC @ .15%)	<hr/>
	35,129.47
	132,552.48

Other Uses of Funds:

Additional Proceeds	1,072.87
---------------------	----------

10,669,875.35

COPY

No. R-1

\$10,701,480.35

United States of America
State of Oregon
Treasure Valley Community College District
Malheur and Baker Counties, Oregon
Limited Tax Pension Bond
Series 2003

Dated Date: April 23, 2003

Registered Owner: WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as
Trustee

***Principal Amount:** -----TEN MILLION SEVEN HUNDRED ONE THOUSAND FOUR
HUNDRED EIGHTY DOLLARS AND THIRTY-FIVE CENTS-----

The Treasure Valley Community College District, Malheur and Baker Counties, Oregon (the "District") for value received, acknowledges itself indebted and hereby promises to pay or prepay to the registered owner, WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, as Trustee (the "Trustee") under the Trust Agreement among the Trustee and the issuers of pension bonds (collectively, the "Issuers") which is dated as of April 23, 2003 (the "Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

This Bond is the District's Limited Tax Pension Bond, Series 2003 (the "Bond"). This Bond is issued for the purpose of financing all or any portion of the District's pension liability to the Oregon Public Employees Retirement System ("OPERS"). This Bond is authorized and issued under the District's authorizing Resolution (the "Resolution"), ORS 238.692 to 238.698, inclusive and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. Capitalized terms used in this Bond shall have the meanings defined for such terms in the Resolution and the Trust Agreement.

This Bond is issued in conjunction with and subject to the terms and conditions of the Trust Agreement and an Intercept Agreement, dated April 23, 2003 (the "Intercept Agreement"). The District's obligations under this Bond, the Trust Agreement and the Intercept Agreement are limited to paying the principal and interest on this Bond by making the Security Payments and to paying the Additional Charges. The issuance of this Bond and the participation by the District in the Program shall not obligate the District to pay any portion of another Issuer's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of the District which is enforceable against the District in accordance with its terms. The District's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. The District has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. The District is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Malheur and Baker Counties, the State of Oregon, or any political subdivision thereof other than the District.

* This represents the aggregate principal amount of the current interest portion and the original principal amount of the deferred interest portion and does not include accreted value at maturity.

This Bond is further secured by the Intercept Agreement, under which an amount equal to the debt service on this Bond will be diverted from State Education Revenues to the Trustee for the purpose of paying the principal and interest of this Bond.

Additionally, the District covenants to make security payments (the "Security Payments") to the Trustee, to the extent funds provided in accordance with the Intercept Agreement are insufficient, no later than the 20th day of each month.

Each Security Payment and the payments made under the Intercept Agreement shall be credited against the next Bond principal and interest payment due in accordance with Exhibits A and B, and as provided in the Trust Agreement.

The principal installment shown in Exhibit B as due on June 30, 2027 is mandatory prepayment of a portion of the total principal installments due on June 30, 2028. The principal installment shown as due on June 30, 2028 is reduced by the amount of mandatory prepayment due in 2027.

The Bond may not be transferred to any person other than a successor Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and that the issue of which this Bond is a part, and all other obligations of the District, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

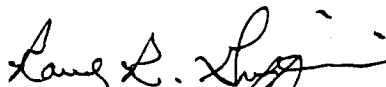
IN WITNESS WHEREOF, the Board of Directors of Treasure Valley Community College District, Malheur and Baker Counties, Oregon, by Resolution duly passed, has caused this Bond to be signed by the facsimile signature of its Chairperson and the District Official, as of the date first above written.

TREASURE VALLEY COMMUNITY COLLEGE DISTRICT
MALHEUR AND BAKER COUNTIES, OREGON



Scott Wilson, Chairperson

ATTEST:



Randy R. Griffin, District Official

Exhibit A

Treasure Valley Community College District

Deferred Interest Principal Installments

The District shall pay the Final Maturity Amounts shown in the following table on the Due Dates shown in the following table. Each Final Maturity Amount consists of the Original Principal Amount shown beside that Final Maturity Amount in the following table, plus interest accrued and semiannually compounded from the date of delivery of this Bond, April 23, 2003, to the Due Date shown in the following table at the approximate yield to maturity shown in the following table. Interest on each Original Principal Amount is payable only on the due date of that Original Principal Amount.

<u>Due Date</u>	<u>Original Principal Amount</u>	<u>Final Maturity (including accrued, compounded interest from the delivery date of this Bond)</u>	<u>Approximate Yield to Maturity</u>
6/30/2004	\$ 0.00	\$ 0.00	1.40%
6/30/2005	47,829.50	50,000.00	2.04%
6/30/2006	215,549.05	235,000.00	2.73%
6/30/2007	230,783.20	265,000.00	3.33%
6/30/2008	247,926.00	300,000.00	3.71%
6/30/2009	255,951.30	330,000.00	4.15%
6/30/2010	265,844.10	365,000.00	4.46%
6/30/2011	275,995.35	405,000.00	4.74%
6/30/2012	281,036.80	440,000.00	4.94%
6/30/2013	286,521.60	480,000.00	5.13%
6/30/2014	290,844.75	525,000.00	5.35%
6/30/2015	290,980.65	565,000.00	5.52%
6/30/2016	294,609.60	615,000.00	5.66%
6/30/2017	293,686.80	660,000.00	5.79%
6/30/2018	293,173.20	710,000.00	5.91%
6/30/2019	290,532.80	760,000.00	6.03%
6/30/2020	290,180.75	815,000.00	6.10%
6/30/2021	287,604.60	870,000.00	6.18%
6/30/2022	286,607.40	930,000.00	6.23%
6/30/2023	285,822.90	990,000.00	6.25%

Exhibit B

Treasure Valley Community College District

Current Interest Principal Installments

The District shall pay the principal installments shown in the following table on the dates shown in the following table. The principal installments shown in the following table shall bear interest from April 23, 2003 at the rates shown in the following table. Interest on each of the principal installments shown in the following table is payable semiannually on the 30th day of June and the 30th day of December in each year until maturity, commencing December 30, 2003.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
6/30/2024	\$1,050,000.00	5.66%
6/30/2025	1,175,000.00	5.67%
6/30/2026	1,315,000.00	5.68%
6/30/2027	1,460,000.00*	5.60%
6/30/2028	690,000.00	5.60%

* Mandatory prepayment installments as described herein.

**Information Return for Publicly Offered
 Original Issue Discount Instruments**

OMB No. 1545-0887

► **File two copies of the form and any attachments.**

1a Issuer's name Treasure Valley Community College District		2 Issuer's taxpayer identification number 93-0507187	
1b Present address (including number, street, apt. or suite no., or P.O. box, city or town, state, and ZIP code) 650 College Blvd. Ontario, OR 97914			
3a Name of representative (see instructions) Mr. Randy Griffin		3b Telephone number (541) 881-8822	
3c Present address (if different from issuer's)			
4 CUSIP number 68583RBA9		5 Issue date April 21, 2023	6 Maturity date See attachment
7 Type of instrument (see instructions) Fixed rate debt instrument	8 Issue price (percent of principal amount) See attachment	9 Stated interest rate (see instructions)— Check if variable or contingent <input type="checkbox"/> See attachment	
10 Interest payment dates Same as maturity dates, except for the 2027 and 2028 maturities which pay interest on 6/30 and 12/30, beginning 12/30/2003			
11 Amount of OID for entire issue See attachment	12 Yield to maturity See attachment	13 Stated redemption price at maturity of the entire issue. If the redemption price of each debt instrument within the issue is other than \$1,000, indicate the stated redemption price of each debt instrument. See attachment	
14 Description of debt instruments. Attach a schedule of OID per \$1,000 principal amount for the life of the instrument. If the principal amount is other than \$1,000, indicate the actual OID per principal amount per year. The schedule must be based on a 6-month accrual period. It must show the daily portion of OID for each accrual period and the total OID for each calendar year. For additional requirements, see the instructions.			

SEE ATTACHMENT

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ► *Randy L. Sugg* Title ► Dean of Admin Ser Date ► 4/14/03

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8281 if you are the issuer of publicly offered debt instruments having original issue discount (OID) to provide the information required by section 1275(c).

Who Must File

An issuer of a publicly offered debt instrument (obligation) having OID, such as a bond, debenture, or note, must file Form 8281.

Publicly offered debt instruments also may include:

1. Serial obligations.
2. Debt instruments issued in exchange for other debt instruments or for stock.
3. A debt instrument sold together with options or warrants (an investment unit).
4. Sinking fund instruments.
5. Convertible instruments.

An obligation registered with the Securities and Exchange Commission (SEC) is a publicly offered debt instrument. An obligation exempt from SEC registration may be publicly offered. See Regulations section 1.1275-1(h).

Form 8281 Attachment

TREASURE VALLEY COMMUNITY COLLEGE DISTRICT

Federal Tax I.D. Number: 93-0507187

Maturity Date	Issue Price (%)	Stated Rate	Total OID	Yield to Maturity	Stated Redemption Price
6/30/2004	98.234%	0%	\$88.30	1.500%	\$5,000
6/30/2005	95.669%	0%	\$216.55	2.030%	\$5,000
6/30/2006	91.623%	0%	\$418.85	2.760%	\$5,000
6/30/2007	87.036%	0%	\$648.20	3.340%	\$5,000
6/30/2008	82.583%	0%	\$870.85	3.720%	\$5,000
6/30/2009	77.449%	0%	\$1,127.55	4.170%	\$5,000
6/30/2010	72.765%	0%	\$1,361.75	4.470%	\$5,000
6/30/2011	68.075%	0%	\$1,596.25	4.750%	\$5,000
6/30/2012	63.740%	0%	\$1,813.00	4.960%	\$5,000
6/30/2013	59.557%	0%	\$2,022.15	5.150%	\$5,000
6/30/2014	55.504%	0%	\$2,224.80	5.330%	\$5,000
6/30/2015	51.363%	0%	\$2,431.85	5.540%	\$5,000
6/30/2016	47.583%	0%	\$2,620.85	5.710%	\$5,000
6/30/2017	44.239%	0%	\$2,788.05	5.830%	\$5,000
6/30/2018	40.975%	0%	\$2,951.25	5.960%	\$5,000
6/30/2019	37.976%	0%	\$3,101.20	6.070%	\$5,000
6/30/2020	35.297%	0%	\$3,235.15	6.150%	\$5,000
6/30/2021	32.815%	0%	\$3,359.25	6.220%	\$5,000
6/30/2022	30.636%	0%	\$3,468.20	6.260%	\$5,000
6/30/2023	28.748%	0%	\$3,562.60	6.270%	\$5,000
6/30/2024	97.779%	5.45%	\$111.05	5.630%	\$5,000

May 20, 2003

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED --# 7001 1140 0002 3591 4884**

Internal Revenue Service
Form 8281 Project
W:CAR:MP:FP, Room 6406
111 Constitution Ave., NW
Washington, DC 20224

Subject: Oregon Community College Districts Limited Tax Pension Obligations, Series 2003 (Federally Taxable) \$73,067,299.60 Series 2003A (Deferred Interest Obligations) \$80,515,000 Series 2003B (Current Interest Obligations) Participating districts include; Central Oregon Community College District, Chemeketa Community College District, Columbia Gorge Community College District, Lane Community College District, Mt. Hood Community College District, and Treasure Valley Community College District.

Ladies and Gentlemen:

Enclosed are (6) six original, executed IRS 8281 Forms and (6) six copies for filing in connection with the above-referenced financing. In addition, there are also (6) copies to be returned to Preston Gates & Ellis LLP.

Please acknowledge receipt of these documents on the enclosed copy of the Form 8281 by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

PRESTON GATES & ELLIS LLP



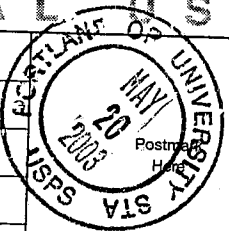
Sarah Campbell
Project Coordinator

enclosures

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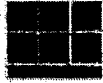
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**SEATTLE-NORTHWEST
SECURITIES CORPORATION**
*The Region's Premier Investment
Banking Firm Since 1970*

1000 Southwest Broadway
Suite 1800
Portland, Oregon 97205
(503) 275-8300

Memorandum of Closing

Re: Treasury Valley Community College
\$10,701,480.35 Limited Tax Pension Bonds, Series 2003
Dated Date: April 23, 2003

From: Carol Samuels, Vice President
Jeb Spengler, Associate
Seattle-Northwest Securities Corporation

Date: April 15, 2003

Delivery

Closing and wiring of funds will occur at 8:30 a.m., Wednesday, April 23, 2003 at the offices of Preston Gates & Ellis LLP, 222 SW Columbia, Suite 1400, Portland, Oregon.

Attachments

Attached to this Memorandum of Closing are the following two schedules for the District's above captioned bonds (the "Pension Bonds"):

- Sources and Uses of Funds; and
- Cost of Issuance.

Wire Transfers

Seattle-Northwest Securities Corporation will wire to *Wells Fargo Bank Northwest, National Association*, Trustee for the District's Pension Bonds, the amount shown on the Sources and Uses of Funds schedule under the lines captioned as follows:

- Refunding Escrow Deposits – Cash Deposit;
- Delivery Date Expenses (net of underwriter's discount and bond insurance amounts); and
- Other Uses of Funds.

Seattle-Northwest Securities Corporation will also wire funds directly to the insurer, *Financial Guaranty Insurance Company*, amounts as shown on the Sources and Uses of Funds schedule.

The Trustee, *Wells Fargo Bank Northwest, National Association*, will make the following disposition of funds:

First, Funds will be invested in an Agency Discount Note with a maturity of April 30, 2003, at which point the amount shown on the Sources and Uses of Funds schedule under the line captioned "Refunding Escrow Deposits – Cash Deposit" will be wired to the *Oregon Public Employees Retirement System* ("PERS"). The wire will be sent with instructions that such funds represent a lump sum payment that should be credited to your District's unfunded actuarial liability within the PERS system.

Second, The Trustee will disburse the costs of issuance to the service providers in the amounts listed on the attached Costs of Issuance schedule for your District's Pension Bonds.

Third, The Trustee will deposit the monies shown on the Sources and Uses of Funds schedule on the line captioned "Other Uses of Fund - Additional Proceeds", in addition to interest earnings from the Agency Discount Note, into the District's sub-account of the Obligation Account, invested pursuant to the Trust Agreement and credited against the District's first debt service payment.

If you have any questions, please call either Carol Samuels at (503) 275-8301, Katie Schwab at (503) 275-8302 or Jeb Spengler at (206) 628-5491.

Attachment

cc: Mr. Randy Griffin, Treasure Valley Community College
Ms. Ann Sherman, Preston Gates & Ellis LLP
Ms. Susan O'Donnell, Preston Gates & Ellis LLP
Ms. Carol McCoog, Preston Gates & Ellis LLP
Mr. Harvey Rogers, Preston Gates & Ellis LLP
Ms. Susan Barry, Orrick Herrington & Sutcliffe LLP
Ms. Lori Sattenspiel, Oregon Community Colleges Association
Ms. Alice Garrett, Wells Fargo Bank Northwest, National Association
Ms. Susan Vucinich, Seattle-Northwest Securities Corporation
Ms. Dorothy Michak, Seattle-Northwest Securities Corporation
Ms. Joan Roddy, Seattle-Northwest Securities Corporation
Ms. Katherine Schwab, Seattle-Northwest Securities Corporation
Ms. Laura Westphal, Seattle-Northwest Securities Corporation

SOURCES AND USES OF FUNDS

Community College Pension Bond Pool
Treasure Valley Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Dated Date 04/23/2003
Delivery Date 04/23/2003

Sources:

Bond Proceeds:	
Par Amount	10,701,480.35
Original Issue Discount	-31,605.00
	<hr/>
	10,669,875.35

Uses:

Refunding Escrow Deposits:	
Cash Deposit	10,536,250.00
Delivery Date Expenses:	
Cost of Issuance	27,890.38
Underwriter's Discount	69,532.63
Bond Insurance (FGIC @ .15%)	35,129.47
	<hr/>
	132,552.48
Other Uses of Funds:	
Additional Proceeds	1,072.87
	<hr/>
	10,669,875.35

COST OF ISSUANCE

Community College Pension Bond Pool
Treasure Valley Community College
Final Pricing Numbers (4-9-03)
100% UAL Amortization

Cost of Issuance	\$/1000	Amount
S & P Rating Fee	0.19534	2,090.38
Bond Counsel	1.86890	20,000.00
Bond Trustee	0.19156	2,050.00
Official Statement	0.11681	1,250.00
Financial Advisor	0.23361	2,500.00
	2.60622	27,890.38
