

AFTER RECORDING
RETURN TO:

Oregon Department of Administrative Services
155 Cottage Street N.E.
Salem, OR 97310
Attention: Finance Manager

200 JUN -2 PM 3:16

STATUTORY NOTICE:

The name and address of the entity holding a lien or other interest created by this instrument is set forth below and the tax account number(s) of the property subject to the lien or in which the interest is created is:

Tax Account No.: Tax Lot 100

000-54

TRUST DEED

THIS TRUST DEED ("Trust Deed") is made as of this 23 th day of May, 2000, among the State of Oregon, acting by and through its Department of Administrative Services, as Grantor, whose address is 155 Cottage Street N.E., Salem, Oregon 97310; Attention: Finance Manager, First American Title of Willamette Valley as Trustee, whose address is 280 Liberty Street S.E., Salem, Oregon 97301; and NORWEST BANK MINNESOTA, N.A (in its capacity as trustee for the owners of the State of Oregon Department of Administrative Services Certificates of Participation, 2000 Series B), as Beneficiary, whose address is Sixth & Marquette, Minneapolis, MN 55479-0069.

FOR VALUE RECEIVED, Grantor conveys to Trustee in trust, with the power of sale, its interest as lessee under the Facilities Lease dated May 12, 2000, (the "Facilities Lease") between the Grantor, as lessee, and Klamath County, Oregon, as Lessor, affecting the real property described in Exhibit "A" (the "Property"), attached hereto and by this reference incorporated herein. The Facilities Lease grants the Grantor the right to use the Property for a term of approximately thirty years, and is terminable only upon payment of amounts sufficient to pay a portion of the Indebtedness described below in the manner and on the terms provided in the Facilities Lease.

The term "Indebtedness" as used in this Trust Deed shall mean all amounts payable by Grantor under the Loan Agreement and Trust Agreement between the Grantor and the Beneficiary which is dated as of May 15, 2000 and relates to the Grantor's Certificates of Participation, 2000 Series B and any "Parity Certificates" (as defined therein), together with any amendments and supplements to that Loan Agreement. If an "Event of Default" or a "Nonappropriation" occurs as defined in the Trust Agreement or the Loan Agreement, the entire unpaid principal amount payable under the Loan Agreement shall be treated as if it is immediately due and payable, regardless of whether amounts due under the Loan Agreement have been accelerated.

This Trust Deed is given to secure payment of the Indebtedness and performance of all obligations of Grantor under the Indebtedness and this Trust Deed, and is given and accepted on the following terms and conditions which Grantor shall promptly and faithfully observe and perform:

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1. PAYMENT AND PERFORMANCE

Grantor shall pay the Indebtedness as provided in the Loan Agreement and shall strictly perform all obligations imposed upon Grantor by this Trust Deed.

2. WARRANTIES OF TITLE

Grantor represents and warrants that (a) Grantor is lawfully possessed and is the lawful owner of a leasehold interest in the Property (b) Grantor will maintain and preserve the lien of this Trust Deed until the Indebtedness secured hereby has been paid in full; (c) Grantor has good right and lawful authority to mortgage and pledge the its leasehold interest in the Property as provided in and by this Trust Deed; and (d) Grantor will forever warrant and defend the same against any and all claims and demands whatsoever, except as specifically set forth in this Trust Deed. Grantor covenants not to grant any liens or encumbrances on its leasehold interest in the Property which is superior to this Trust Deed, and shall not grant any liens or encumbrances on its leasehold interest in the Property which is on a parity with this Trust Deed except as permitted by the aforementioned Loan Agreement and Trust Agreement, as they may be amended from time to time.

3. HAZARDOUS MATERIALS

Klamath County, the State and any Replacement Lessee have agreed in the Facilities Lease to indemnify and hold harmless Beneficiary from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims arising out of or relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Property of any hazardous material, as provided in the Facilities Lease.

4. CONDEMNATION OR CASUALTY

Condemnation and insurance proceeds relating to the Property shall be distributed as provided in the Facilities Lease.

5. DEFENSE OF ACTIONS

Grantor agrees to appear and defend any suit, action or proceeding that contests the validity of this Trust Deed or the rights and powers of Beneficiary or Trustee. Beneficiary may appear in and defend any such action should Beneficiary elect to do so. Grantor has agreed, subject to appropriation of funds, to pay Beneficiary's costs of appearance and defense as "Additional Charges" as provided in the Loan Agreement.

6. BENEFICIARY'S RIGHT TO CURE DEFAULT

Should Grantor fail to make any payment due in connection with the Indebtedness to a person other than the Beneficiary or fail to do any act as herein provided, then Beneficiary, without obligation to do so, without notice to or demand upon Grantor and without releasing Grantor from any obligation hereunder, may make or do the same in such a manner and to such extent as it may deem necessary to protect the security hereof. The Beneficiary may enter upon

the Property for such purposes, to pay, purchase, contest, or compromise any encumbrance, charge or lien, which in the judgment of Beneficiary appears to be prior or superior hereto, and, in exercising any such power, to incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, expert witness fees and attorneys fees. Grantor has agreed, subject to appropriation of funds, to repay the amounts expended or advanced under any provision of this Trust Deed by or on behalf of Beneficiary or Trustee as "Additional Charges" in the Loan Agreement.

7. RECONVEYANCE ON FULL PERFORMANCE

If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Trust Deed, Beneficiary shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statements on file. The reconveyance and filing fees shall be paid by Grantor.

8. DEFAULT AND REMEDIES.

8.1. If an Event of Default or a Nonappropriation occurs, as defined in the Loan Agreement, the Trustee or Beneficiary may exercise any remedies available under the Loan Agreement, the Trust Agreement or the Facilities Lease, including foreclosing this Trust Deed by notice and sale, or by judicial foreclosure, in either case in accordance with applicable law.

8.2. In exercising its rights and remedies, the Trustee or Beneficiary may cause all or any part of its interest in the Property to be sold as a whole or in parcels, and certain portions of its interest in the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of its interest in the Property.

8.3. A waiver by either party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. An election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Grantor shall not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

8.4. In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, the prevailing party shall be entitled to recover its reasonable attorney fees at trial, on any appeal, and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the same interest rate as provided in Section 5. above. Expenses covered by this paragraph include (without limitation) the cost of searching records, discovery deposition costs, obtaining title reports, surveyors' reports, attorney opinions, title insurance and fees for the Trustee.

8.5. If Grantor meets certain conditions, Grantor shall have the right to have enforcement of this Trust Deed discontinued at any time prior to five (5) days (or such other period as applicable law may specify for reinstatement) before sale of the Grantor's leasehold interest in the Property pursuant to any power of sale contained in this Trust Deed. Those conditions are that Grantor (i) pay Beneficiary all sums which then would be due under the Loan Agreement and the Trust Agreement had no acceleration occurred; (ii) cure any default of any other covenant or agreement; (iii) pay all expenses incurred in enforcing this Trust Deed, including, but not limited to, reasonable attorneys' fees and Trustee's fees; and (iv) take such action as Beneficiary may reasonably require to assure that the lien of this Trust Deed, Beneficiary's rights in the Property and Grantor's obligation to pay the sums secured by this Trust Deed shall continue unchanged. Upon reinstatement by Grantor, this Trust Deed and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

8.6. If the Trustee forecloses by advertisement and sale, as provided above, Trustee shall apply the proceeds of sale to the payment of (i) expenses of sale, including the compensation of the Trustee and a reasonable charge by Trustee's attorney, (ii) to the Indebtedness secured by this Trust Deed, (iii) to all persons having recorded liens subsequent to the interest of the Trustee and the Trust Deed, as their interest may appear in the order of their priority and (iv) the surplus, if any, to Klamath County.

9. MISCELLANEOUS

9.1. Time is of the essence of this Trust Deed.

9.2. Subject to the limitations stated in this Trust Deed on transfer of Grantor's interest and subject to the provisions of applicable law with respect to successor trustees, this Trust Deed shall be binding upon and inure to the benefit of the parties, including, but not limited to, their successors and assigns.

9.3. Any notice under this Trust Deed shall be in writing and shall be effective when either delivered in person or, if mailed, shall be deemed effective on the third day after deposited as registered or certified mail, postage prepaid, addressed to the party at the address stated in this Trust Deed. Any party may change its address for notices by written notice to the other.

9.4. If any of the provisions contained in the Loan Agreement or this Trust Deed shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions in this Trust Deed and the Loan Agreement shall not be affected.

9.5. This Trust Deed and any of its terms may only be changed, waived, discharged, or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge, or termination is sought. Any agreement subsequently made by Grantor or Beneficiary relating to this Trust Deed shall be superior to the rights of the holder of any intervening lien or encumbrance.

9.6. This Trust Deed shall be governed by the laws of the state of Oregon and all parties consent to the jurisdiction of the courts of the state of Oregon and service of process therein.

9.7. Grantor on its own behalf and on behalf of its successors and assigns hereby expressly waives all rights to require a marshaling of assets by Trustee or Beneficiary or to require Trustee or Beneficiary to first resort to the sale of any portion of the Property which might have been retained by Grantor before foreclosing upon and selling any other portion as may be conveyed by Grantor subject to this Trust Deed.

9.8. Except as otherwise expressly stated in this Trust Deed, in any instance hereunder where Beneficiary's approval or consent is required or the exercise of Beneficiary's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Beneficiary, and Beneficiary shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment in any particular manner regardless of the reasonableness of either the request or Beneficiary's judgment.

9.9. It is mutually agreed by Grantor and Beneficiary that the respective parties waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matter whatsoever arising out of or in any way connected with this Trust Deed.

9.10. Grantor represents, acknowledges and agrees that this Trust Deed is and will at all times remain a Non-Residential Trust Deed.

9.11. The term "Beneficiary" shall mean the trustee for the owners of the Certificates of Participation, 2000 Series B and any certificates issued on a parity therewith, pursuant to the Trust Agreement dated May 15, 2000, between the Grantor and the Beneficiary, as it may be amended from time to time.

9.12. This Trust Deed shall be so construed that wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders and shall likewise be so construed as applicable to and including a partnership or corporation.

9.13. Nothing contained in this conveyance or in any other document is intended to create any partnership, joint venture or association between Grantor and Beneficiary, or in any way make Beneficiary a co-principal with Grantor with reference to the Property, and any inferences to the contrary are hereby expressly negated.

By signing below, Grantor accepts and agrees to the terms and covenants contained in this Trust Deed and in any rider(s) executed by Grantor and recorded with it.

State of Oregon, acting by and through its
Department of Administrative Services

By: Theresa McHugh
Its: Director/Deputy Director

STATE OF OREGON)
) ss.
County of Marion)

The foregoing instrument was acknowledged before me this 25th day of May, 2000,
by Theresa McHugh the Director/Deputy Director of the Department of Administrative
Services of the State of Oregon.



Kitsy R. Griffith
Notary Public for Oregon
My Commission Expires 7/14/2001

EXHIBIT "A"**Legal Description of Property**

A parcel of land lying in Tracts 27, 28, 29 and 30, Enterprise Tracts, in the W½ of Section 34, Township 38 South, Range 9 East, W.M., Klamath County, Oregon; the said parcel being that portion of said Tracts lying Northeasterly of a line which is parallel to and 200 feet Northeasterly of the center line of the Klamath Falls-Malin Highway, which center line is described as follows: Beginning at Engineer's center line Station 152+55.3, said Station being 424.4 feet North and 418.1 feet West of the Southeast Corner of Tract 39B of said Enterprise Tracts; thence South 40° East, 2744.7 feet to Station 180+00.

The parcel of land to which this description applies contains 38.0 acres, more or less.

State of Oregon, County of Klamath
Recorded 06/02/00, at 3:16 p. m.
In Vol. M00 Page 20031
Linda Smith,
County Clerk Fee \$ 51⁰⁰