

**NEW ISSUE**

In the opinion of Dorsey & Whitney, a professional corporation, Minneapolis, Minnesota, Special Counsel, interest on the Certificates derived from the portion designated as interest of each periodic payment paid by Lincoln County, Nevada pursuant to the Lease with Option to Purchase Agreement and received by the Owners of the Certificates is exempt from federal income taxation under existing statutes, regulations, rulings, and court decisions. Under certain other provisions of the Internal Revenue Code of 1986, as amended, ownership of the Certificates may give rise to collateral federal income tax consequences to certain Owners thereof. (See "TAX EXEMPTION.")

**DENOMINATION - \$5,000**

**BANK QUALIFIED**

**\$3,300,000**  
**Certificates of Participation**  
**in a Lease with Option to Purchase Agreement with**  
**Lincoln County, Nevada**  
**(Lincoln County Detention Facility Project)**  
**as the Lessee**

**CERTIFICATES DATED: August 1, 1992**  
**CERTIFICATES DUE: August 1 as shown below**

**FOR THE MATURITY SCHEDULE, SEE THE INSIDE FRONT COVER**

The Certificates of Participation (the "Certificates") will be issued under and pursuant to an Escrow Agreement dated as of August 1, 1992 (the "Escrow Agreement") by and among Juran & Moody Capital Corporation (the "Lessor"), Lincoln County, Nevada (the "Lessee"), and West One Bank, Idaho, N.A. (the "Escrow Agent"). The land on which the Lincoln County Detention Facility (the "Project") will be constructed will be leased by the Lessee to the Lessor pursuant to a Ground Lease Agreement dated as of August 1, 1992 (the "Ground Lease") by and between the Lessee and the Lessor. The Lease with Option to Purchase Agreement dated as of August 1, 1992 (the "Lease") by and between the Lessor and the Lessee, relating to the lease and acquisition by the Lessee of the Project, will be assigned by the Lessor to the Escrow Agent pursuant to an Assignment Agreement dated as of August 1, 1992 by and between the Lessor and the Escrow Agent, all as more fully described herein. The Certificates will be issued in registered form and will evidence the Certificate Owner's right to receive distributions of interest commencing on February 1, 1993 and semiannually thereafter, and principal as indicated above, from the Rental Payments (and other moneys, if any) received by the Escrow Agent with respect to the Lease. Delivery of the Certificates is expected to take place in Saint Paul, Minnesota on or about August 14, 1992.

The Certificates are subject to prepayment on various dates at various prices through exercise by the Lessee, of its option to prepay the Lease as more fully described herein. See "The Certificates - Redemption Prior to Maturity." In the event of prepayment, the yield to investors may vary from that shown above. The Rental Payments under the Lease are subject to annual appropriations by the Lessee and are payable by the Lessee from any and all legally available funds specifically appropriated therefor.

**THE LEASE IS SUBJECT TO TERMINATION IN WHOLE, BUT NOT IN PART, AT THE END OF ANY FISCAL YEAR OF THE LESSEE, AT THE OPTION OF THE LESSEE, IF THE LESSEE DOES NOT APPROPRIATE MONEYS FOR ANY FISCAL YEAR, OR HAVE OTHER LEGALLY AVAILABLE FUNDS, SUFFICIENT TO MAKE THE REQUIRED PAYMENTS UNDER THE LEASE.**

**THE LEASE IS NOT A GENERAL OBLIGATION OR A MORAL OBLIGATION OF THE LESSEE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE LESSEE, NOR THE STATE OF NEVADA, NOR ANY POLITICAL SUBDIVISION THEREOF, ARE PLEDGED TO THE RENTAL PAYMENTS COMING DUE UNDER THE LEASE. THE LEASE DOES NOT CONSTITUTE "DEBT" WITHIN THE MEANING OF THE CONSTITUTION AND THE STATUTES OF THE STATE OF NEVADA.**

The Underwriter intends to engage in secondary market trading in the Certificates subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Certificates at the request of any holder thereof.

**JURAN & MOODY, INC.**

Investment Securities Since 1939



## MATURITY SCHEDULE

<u>Payment Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Payment Date</u>	<u>Principal</u>	<u>Interest Rate</u>
August 1, 1994	65,000	5.00%	August 1, 2004	175,000	7.30%
August 1, 1995	95,000	5.50	August 1, 2005	185,000	7.40
August 1, 1996	100,000	6.00	August 1, 2006	200,000	7.45
August 1, 1997	105,000	6.50	August 1, 2007	210,000	7.50
August 1, 1998	110,000	6.70	August 1, 2008	230,000	7.50
August 1, 1999	120,000	6.85	August 1, 2009	250,000	7.60
August 1, 2000	130,000	7.00	August 1, 2010	270,000	7.60
August 1, 2001	135,000	7.10	August 1, 2011	290,000	7.70
August 1, 2002	150,000	7.20	August 1, 2012	320,000	7.70
August 1, 2003	160,000	7.25			

**Price 100%**

### **PLUS ACCRUED INTEREST FROM AUGUST 1, 1992**

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY WITHIN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION WITHIN SUCH JURISDICTION. IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, NO DEALER, SALESMAN, OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN CONTAINED HEREIN. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.

THE INFORMATION CONTAINED IN THIS INSTRUMENT, INCLUDING THE COVER PAGE AND EXHIBITS HERETO, HAS BEEN OBTAINED FROM PUBLIC OFFICIALS, OFFICIAL RECORDS, AND FROM OTHER SOURCES WHICH ARE DEEMED RELIABLE. NO REPRESENTATION OR WARRANTY IS MADE, HOWEVER, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING CONTAINED IN THIS OFFERING MEMORANDUM IS OR SHALL BE RELIED UPON AS A PROMISE OR REPRESENTATION BY THE UNDERWRITER. THE DELIVERY OF THIS OFFERING MEMORANDUM DOES NOT AT ANY TIME IMPLY THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

FOR ADDITIONAL INFORMATION OR COPIES OF THIS OFFERING MEMORANDUM, PLEASE CALL (612) 224-1500, JURAN & MOODY, INC., 400 NORTH ROBERT STREET, SUITE 800, SAINT PAUL, MINNESOTA 55101.

THE CERTIFICATES OF PARTICIPATION DESCRIBED HEREIN ARE BEING OFFERED FOR SALE BY JURAN & MOODY, INC., WHO HAS BEEN ENGAGED TO MAKE SUCH OFFERING.

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## **SUMMARY STATEMENT**

**THIS SUMMARY STATEMENT IS SUBJECT IN ALL RESPECTS TO THE MORE COMPLETE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM, AND THE OFFERING OF THE CERTIFICATES TO POTENTIAL INVESTORS IS MADE ONLY BY MEANS OF THE ENTIRE OFFERING MEMORANDUM.**

All capitalized terms used herein shall have the same meanings as those assigned in the section titled "DEFINITIONS", unless defined within the text herein.

**PURPOSE:** The above-referenced certificates of participation (the "Certificates") are being issued for the purpose of providing funds for the construction and acquisition of a county detention facility (the "Project") to be used by Lincoln County, Nevada (the "Lessee") for public purposes of the Lessee. Juran & Moody Capital Corporation (the "Lessor") and the Lessee have entered into a Lease with Option to Purchase Agreement dated as of August 1, 1992 (the "Lease") under which the Lessor, from the proceeds of the Certificates, pursuant to the Lessee's plans and specifications, is paying for the construction of the Project. The Project will be acquired and will be accepted by the Lessee pursuant to the provisions of the Lease. The Lessee and the Lessor have entered into a Ground Lease Agreement dated as of August 1, 1992 (the "Ground Lease") under which the Lessee leases to the Lessor the land on which the Project will be constructed. The Certificates are payable solely from funds legally available to the Lessee for the purpose of making Rental Payments (as herein defined). The Lessee has agreed, subject to the appropriation of adequate funds or other funds being legally available, to pay the total Rental Payments due under the Lease.

**SECURITY:** All right, title and interest of the Lessor in the Ground Lease and the Lease, including the right to receive all payments to be made by the Lessee under the Lease, has been assigned to West One Bank, Idaho, N.A., as Escrow Agent (the "Escrow Agent") for the owners of the Certificates (the "Owners"). Each Certificate represents a proportional interest in (a) the payments to be made by the Lessee under the Lease and (b) the moneys held in the accounts established pursuant to the Escrow Agreement (as hereinafter defined).

**FORM OF CERTIFICATE:** The Certificates will be delivered as fully registered certificates in denominations of \$5,000 or in such other denominations as shall be designated by the Lessor and the Escrow Agent.

**REDEMPTION:** The Certificates are subject, prior to their respective maturities, on the next succeeding Certificate Payment Date (as hereinafter defined), to redemption in whole, commencing August 1, 2002 in the event of the exercise by the Lessee of its purchase option under the Lease or, if all or a portion of the Project is destroyed, damaged or condemned, the Project is not repaired or replaced and the Lessee makes the payments required by the Lease. The Certificates are subject to redemption in whole, at par or to such extent of par as funds are available to the Escrow Agent for such redemption, if the Lease is terminated in the event the Lessee does not appropriate funds as provided in the Lease prior to the commencement of each succeeding fiscal year of the Lessee or upon the occurrence of an Event of Default (as hereinafter defined), in accordance with and limited by the terms and conditions of the Escrow Agreement.

**OFFERING MEMORANDUM  
\$3,300,000**

**CERTIFICATES OF PARTICIPATION**

**Evidencing Proportionate Interests of the Owners thereof  
in a Lease with Option to Purchase Agreement  
with  
Lincoln County, Nevada**

**INTRODUCTION**

This Offering Memorandum, including its Cover Page and Appendices, is furnished in connection with the offering and sale of \$3,300,000 aggregate principal amount of Certificates of Participation, evidencing proportionate interests of the owners thereof in Rental Payments made by the Lessee as the rental and purchase price of the Project pursuant to the Lease.

The Certificates are issued to provide funds to finance the construction and acquisition of the Project by the Lessee and to pay costs of issuing the Certificates.

The term of the Lease commences as of August 1, 1992 and, unless terminated earlier pursuant to provisions of the Lease, ends on August 1, 2012. The Lessee is obligated to make Rental Payments under the Lease only from funds appropriated from general revenues of the Lessee appropriated by the Board of County Commissioners and other funds lawfully available for the payment of Rental Payments. The obligation of the Lessee to make Rental Payments is a current expense, payable solely from funds lawfully available for such use. The Lease and the obligations of the Lessee thereunder do not constitute a pledge, a liability or a charge upon the funds of the Lessee or a debt or general obligation of the State of Nevada, the Lessee or any other agency or political subdivision or body corporate of the State of Nevada. Neither the full faith, credit nor taxing power of the State of Nevada, the Lessee, or any other political subdivision of the State of Nevada has been pledged to the payment of principal or interest on the Certificates.

The Lessor does not have any obligation to, and shall not, make any payment on the Certificates or the Rental Payments pursuant to the Lease.

This Offering Memorandum includes financial and other information about the Lessee. This Offering Memorandum also contains descriptions of the Certificates, the Ground Lease, the Lease with Option to Purchase Agreement, the Assignment Agreement, and the Escrow Agreement. (See "DEFINITIONS" for the definitions of certain terms used in the Lease, the Ground Lease, the Assignment Agreement, the Escrow Agreement and this Offering Memorandum.) The descriptions of the Certificates, the Ground Lease, the Lease and the Escrow Agreement and other documents described in this Offering Memorandum do not purport to be comprehensive, and all references to those documents are qualified in their entireties by reference to the approved form of those documents, which documents are available for review at the principal office of the Lessee. During the period of the offering of the Certificates, copies of such documents will also be available for inspection at the offices of Juran & Moody Capital Corporation, 400 North Robert Street, Suite 800, Saint Paul, Minnesota 55101.

## **SECURITY FOR THE CERTIFICATES**

### **Source**

The payments due on the Certificates are to be made by the Escrow Agent from the Rental Payments made by the Lessee. Investment proceeds earned from the investment of the Certificate Fund and amounts on deposit in the Certificate Fund shall be applied as a credit against the Rental Payments due from the Lessee.

### **Generally**

Each Certificate represents a proportionate interest in rights to receive Rental Payments to be paid by the Lessee under the Lease. The term and the schedule of payments of Rental Payments is designed to produce moneys sufficient to pay the Certificates and interest thereon when due (if the Board of County Commissioners elects to appropriate funds for payment of the Lease annually).

### **Interest of Certificate Owners**

The Lease determines the interest of the Certificate Owners in the Project. (See "SUMMARY OF LEGAL DOCUMENTS - The Lease.") The Lessor has assigned all of its right, title and interest in the Lease, including the Rental Payments to be made thereunder, to the Escrow Agent for the benefit of the Certificate Owners.

In addition, all amounts in the funds established by the Escrow Agreement will be available for the benefit of the Certificate Owners, subject to the provisions of the Escrow Agreement permitting the application thereof for or to the purposes and on the terms and conditions set forth therein. It is probable that such amounts would not be sufficient to pay the full amount due on the Certificates in the event the Certificates are called for payment prior to maturity by reason of nonappropriation or an Event of Default.

The Escrow Agent, for the benefit of the Certificate Owners, shall have a security interest in the Project.

### **Insurance on the Project**

The Lessee will maintain casualty and public liability and property damage insurance on the Project.

### **Investments**

In making investments under the Escrow Agreement, the Escrow Agent may only purchase certain Permitted Investments. (See "THE ESCROW AGREEMENT - Permitted Investments.")

## **RISK FACTORS**

The purchase of the Certificates is subject to certain risks. Each prospective investor in the Certificates is urged to read this Offering Memorandum in its entirety, including its Appendices. Particular attention should be given to the factors described below which, among

others, could affect the payment of debt service on the Certificates, and which could also affect the market price of the Certificates to an extent that cannot be determined.

1. Nonappropriation. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, or the proceeds if any of a liquidation of the Project, the Certificates and the interest thereon are payable solely from the Rental Payments. The obligation of the Lessee to pay Rental Payments is limited to those funds which are specifically budgeted and appropriated annually for such purpose.

The Lease may be terminated annually by the Lessee without any penalty, and there can be no assurance that the Lessee will annually renew the Lease. Accordingly, the likelihood that there will be sufficient funds to pay the principal of, premium, if any, and interest on the Certificates is dependent upon certain factors which are beyond the control of the Certificate Owners, including (a) the continuing need of the Lessee for the land and improvements constituting the Project, (b) the ability of the Lessee to obtain funds to pay obligations associated with the Lease, (c) the demographic conditions within the service area of the Lessee, (d) the value of the Project in a liquidation proceeding instituted by the Escrow Agent pursuant to the Escrow Lease, and (e) the nature of the Escrow Agent's security interest in or lien on the Project.

2. Results of a Termination of the Lease. In the event that the Lessee shall not budget and appropriate, specifically with respect to the Lease, and give notice to the Lessor and Escrow Agent of such nonappropriation sixty (60) days prior to the expiration of the current fiscal year of the Lessee, moneys sufficient to pay Rental Payments coming due for the ensuing fiscal year, the Lease shall terminate and be canceled at the end of such current fiscal year, and the Lessee shall immediately, upon exhaustion of the funding authorized for said current fiscal year, surrender possession of the Project.

If the Lessee does in fact fail to appropriate funds for the Lease, the Lessee agrees in the Lease not to purchase, lease or rent property performing functions similar to those performed by the Property, and agrees not to permit such functions to be performed by any agency or entity affiliated or hired by Lessee for a period of one year.

A potential purchaser of the Certificates should not assume that it will be possible to liquidate the Property, after a termination of the Lease, for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. If the Certificates are redeemed subsequent to a termination of the Lease for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial payment shall be deemed to constitute a redemption in full of the Certificates; upon such a partial payment, no holder of any Certificate shall have any further claim for payment upon the Lessor, the Escrow Agent, or the Lessee.

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

4. Use of the Project. Incarceration rate shifts and changes of economic conditions could affect demographics of the Lessee and reduce the Lessee's ability or need to utilize the Project.

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

6. Inability to Liquidate, or Delay in Liquidating, the Project. An Event of Default gives the Escrow Agent the right to possession of, and the right to liquidate, the Project subject to



encumbrances allowed by the Lease and the Ground Lease, including such Lease. The enforceability of the Certificates, the Lease, the Ground Lease, and the Escrow Agreement is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights. The Project is intended to be used solely for public purposes of the Lessee. Because of such use, a potential purchaser of the Certificates should not anticipate that liquidation could be accomplished rapidly. Any delays in the ability of the Escrow Agent to obtain unencumbered title to the Project will result in delays in the payment of the Certificates after the expenditure of amounts on deposit in the Certificate Fund.

7. Effects on the Certificates of a Termination Event. Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease by reason of nonappropriation or an Event of Default. If the Lease is terminated by reason of either such event, there is no assurance that the Certificates may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Counsel has rendered no opinion as to the treatment for federal income tax purposes of any moneys received by a holder of the Certificates subsequent to a termination of the Lease by reason of nonappropriation or an Event of Default. There is no assurance that any moneys received by the holders of the Certificates subsequent to either such event will be exempt from federal income taxation.

8. Obligation of the Lessee. The obligation of the Lessee to make Rental Payments will be satisfied from the funds of the Lessee which are appropriated for such use or other funds which are likewise legally available therefor. The Lessee may enter into other leases or other obligations which may constitute additional charges against its funds. To the extent additional obligations are incurred by the Lessee, the funds available to make Rental Payments may be decreased.

9. Noncompliance with Arbitrage Rebate Provisions. The Escrow Agreement obligates the Lessee to comply with requirements of Federal law regarding rebate of certain investment proceeds to the Federal government. If the Lessee fails to comply with those rebate requirements, the Lease would become an arbitrage bond, and the interest portion of the Lease Payments, made by the Lessee pursuant to the Lease and paid to the Certificate Owners pursuant to the Escrow Agreement, could become taxable retroactive to the date of the Certificates.

10. Credit Risk. The purchase of a Certificate offered hereby is without recourse to Juran & Moody Capital Corporation, the Escrow Agent or the Underwriter, and the investor must assume the entire risk that the Lessee will meet its obligations under the Lease. The only obligation of Juran & Moody Capital Corporation is to provide the Lessee continued quiet enjoyment of the Project, so long as the Lessee is not in default under the Lease.

In the event the Lease is terminated due to nonappropriation or an Event of Default the Owners of the Certificates will have no recourse against the Lessee other than to take possession of the Project and lease or sell it subject to the provisions of the Lease and the Ground Lease. In such event, the revenues from leasing or sale may be substantially less than the amounts payable under the Lease or the applicable Purchase Price or the amount of remaining principal under the Lease.

The Lessee's ability to perform its obligations under the Lease and the Board of County Commissioner's willingness to appropriate moneys for the Lease could be affected by the financial condition of the Lessee.

11. Remedies: Enforceability Risk. Investors should understand that in the event of default by the Lessee under the Lease, the remedies provided by the Lease may be unenforceable

due to the application of principles of equity or state and federal laws relating to bankruptcy, moratoriums, reorganizations and creditor's rights generally, or may require the expenditure of money and considerable time to enforce.

12. Construction Risks. The construction of the Project will be subject to risks typically associated with construction and development of real estate. These risks could have a material adverse effect on the willingness of the Lessee to appropriate moneys for the Project.

13. Prepayment Risk. Under the Lease, on any Rental Payment Date on or after August 1, 2002, the Lessee has the option to terminate the Lease and purchase the Project by payment of the Purchase Price which would be equal to the amount set forth below:

<u>Prepayment Date</u>	<u>Purchase Price</u>
August 1, 2002 through February 1, 2003	103.00%
August 1, 2003 through February 1, 2004	102.00%
August 1, 2004 through February 1, 2005	101.00%
August 1, 2005 and thereafter	100.00%

14. Damage or Destruction Risk. In addition to its right to purchase the Project as described in the preceding paragraph, upon certain events of damage, destruction or condemnation, the Lessee must either: (a) repair, restore, modify or improve the Project if the Net Proceeds of insurance are sufficient for such purpose or (b) on the next Rental Payment Date, pay the applicable Purchase Price, to which payment the Net Proceeds may be applied, and thereby terminate the Lease.

15. Occurrence of Taxability. If the interest component of the Rental Payments were to become subject to taxation, the Lease would not terminate, and the Owners of the Certificates would not be entitled to any increase in such interest component. The absence of such an increase means that the after-tax yield to the Owners of the Certificates would be materially decreased.

## THE LESSEE

Lincoln County was organized in 1866 and its form of government is the Elected Board of Commissioners. There are 5 voting precincts in the County. The County's Federal Employer Tax ID No. is 88-6000094. The County is located approximately 150 miles north of Las Vegas, Nevada.

<u>Elective Office</u>	<u>Length of Office</u>	<u>District or at Large</u>	<u>Term Expires</u>
Commissioner	4 years	District "A"	1-1-93
Commissioner	4 years	District "B"	1-1-93
Commissioner	4 years	District "C"	1-1-95
Recorder/Auditor	4 years	At Large	1-1-95
Treasurer	4 years	At Large	1-1-95
Assessor	4 years	At Large	1-1-95
Clerk	4 years	At Large	1-1-95
Sheriff	4 years	At Large	1-1-95
District Attorney	4 years	At Large	1-1-93

**Elected Officials:**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Edward Wright	County Chairperson	1-1-95
Keith Whipple	County Commissioner	1-1-93
Lenard Smith	County Commissioner	1-1-93
Ruby Lister	Treasurer	1-1-95
Patricia Cafferate	County Attorney	1-1-93
Corrine Hogan	County Clerk	1-1-95
Yiriko Setzer	County Recorder/Auditor	1-1-95

**GENERAL INFORMATION****Access and Transportation**

Access is provided via Federal Highway US 93 and State Highways 318, 322, 321, 319 and 375 and County Highway 4. The County is on a truck line route and has United Parcel service. The County's main rail line is Union Pacific and is also served by a county airport with 4,224' of runway length. There are approximately 1,783 miles of paved roads and 1,650 miles of unpaved roads within the County.

**Population**

1980 U.S. Census Population:	3,772
1990 U.S. Census Population:	3,810
Present Population (Estimate as of 6-1-92):	3,850

**Area**

6,810,880 acres,  
10,642 square miles

**Tax Aid****County Relief Tax:**

1991	\$803,127
1990	\$860,341
1989	\$684,059
1988	\$792,707
1987	\$746,180

**Federal in Lieu Tax:**

1991	\$175,060
1990	\$170,090
1989	\$177,300
1988	\$178,883

1987                      \$170,279

**Utilities**

Lincoln County Power Company (Private)

**Number of Connections**

Water	1,233
Sewer	1,207
Electric	1,388

Telephone Company: Lincoln County Telephone (Private)

**Comprehensive Plan**

Lincoln County has a Master Plan and County Wide Zoning Plan outlining the pattern of future growth in the County.

**Employee Pension Programs**

The County employs 62 people, 50 full-time and 12 part-time. All full-time employees are covered by the pension plan and all employees belong to the State Retirement Plan.

The County's contributions to PERA for past four years:

1991	\$271,878
1990	\$249,727
1989	\$207,474
1988	\$-----

The County has a volunteer fire department consisting of 62 firemen, 9 pumper trucks and 6 water trucks.

The County operates their own Law Enforcement Department consisting of 19 full-time officers, 16 vehicles, 1 full-time secretary and 3 part-time offices.

**Schools**

Education (school year 1991 and 1992)

	<b><u>Public</u></b>	<b><u>Private</u></b>	<b><u>Enrollment</u></b>	<b><u>Teachers</u></b>
Number of elementary schools	4	0	485	37
Number of junior high schools	1	0	85	8
Number of high schools	2	0	464	46

### **Residential Development**

There are approximately 1066 single-family homes and 54 multi-family homes within the County. In addition, there have been 15 single-family and 1 multi-family structures built within the past 12 months.

### **Building Permits**

	<u>Commercial and Industrial Number of Permits</u>	<u>Residential Number of Permits</u>	<u>Total Amount</u>
1992 (as of 6/1/92)	1	7	281,600
1991	2	31	897,040
1990	3	35	911,510
1989	2	25	763,801
1988	(not available)	43	986,022

### **Major Employers**

Lincoln County School District	110
Lincoln County & Caliente City	92
BLM & Division of Forestry	85
Department of Corrections	72
Nevada Test Site	53
Union Pacific Railroad	53
Gottfredsons Department Store	12
Lincoln County Power District	11
Nevada Department of Transportation	7

### **Agriculture**

Major crops or livestock: Alfalfa and Cattle  
Average farm size: 1,000 acres or more

### **Professional Services**

	<u>Number</u>
Doctors	2
Dentists	1
Lawyers	2

### **Community Services**

	<u>Number</u>
Hotels	0
Motels	6 (246 beds)
Hospital	1 (2 beds)
Nursing Homes	1 (20 beds)
Library	3

## **County Buildings**

<b><u>Building</u></b>	<b><u>Use</u></b>
Courthouse	Administrative Offices - Jail
Library	Public
3 County Maintenance Yards	County Vehicles
2 Town Halls	Public

## **Other Relevant Information about County**

Official Newspaper:	Lincoln County Record P.O. Box 507 Pioche, NV 89043 (702) 726-3333
Published:	Each Thursday
Deadline for Legal Notice:	Friday noon
Regular Commission Meetings Held:	5th & 20th each month Lincoln County Courthouse Pioche, Nevada 9:00 a.m.
Special meetings may be called by written notice:	3 working days in advance of meeting
County's legal address:	P.O. Box 90 Pioche, NV 89043

The entire outstanding indebtedness according to the records of the County consists of the following:

### **A. General Obligation Debt**

<b><u>Date of Issue</u></b>	<b><u>Original Amount</u></b>	<b><u>Purpose</u></b>	<b><u>Amount Outstanding (as of '91)</u></b>	<b><u>Additional Security</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>
3-1-89	\$935,000	Schools	\$860,000	Schools	2004	6.7%

### **B. General Obligation Debt Sinking Funds**

Cash/investments as of 5/30/92:      \$75,420.05

### **C. Revenue Debt**

<b><u>Date of Issue</u></b>	<b><u>Original Amount</u></b>	<b><u>Purpose</u></b>	<b><u>Amount Outstanding (as of '91)</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>
FHA 4-21-80	\$350,000	Water	\$311,677	2020	5%

D. Revenue Debt Sinking Funds as of 6/30/92: \$41,252

### THE LESSOR

Juran & Moody Capital Corporation is a corporation organized under the laws of the State of Minnesota with its principal office in St. Paul, Minnesota.

### THE PROJECT

The Project consists of 15,318 SF of new construction located on an 8.47 acre parcel in the County Seat at Pioche, Nevada. The facility will provide administrative and clerical space for the Lincoln County Sheriff's Department, public areas, auto sally-port, intake, booking, holding, detox, medical, squad room, county dispatch, kitchen and temporary holding cells. An attached housing pod will provide recreation, visitation, library, indoor and outdoor exercise and lock-up facilities for 60 adult male detainees. When completed in the spring of 1993, the new county jail will serve the needs of all communities within Lincoln County. The Lincoln County Jail will be constructed of concrete, steel and masonry. The facility will provide fire protective and smoke evacuation systems. Security will be enhanced and maintained by electronics and direct manual supervision of prisoners.

### LEGAL DESCRIPTION OF THE LAND

A parcel of land situated within the SW1/4 of Section 14, Township 1 North, Range 67 East, Mount Diablo Base and Meridian, being more particularly described as follows:

Beginning at the SW Corner of this parcel from which the Southwest Corner of said Section 14 bears S 38° 00' 46" W a distance of 1,142.58 feet; thence Due North a distance of 185.66 feet to the NW Corner; thence N 35° 37' 43" E a distance of 996.29 feet to the NW Corner; thence S 23° 13' 22" E a distance of 698.21 feet to the SE Corner; thence along the Northwestern right-of-way of Nevada State Route 322 along a bearing of S 70° 56' 13" W a distance of 284.89 feet to the Point of Tangency on a Curve; (Curve data for property line as follows: R = 6080.0' / = 6% 03' 02" L = 642.06' Tan = S 70° 56' 13" W) Sub-Chord bears S 66° 01' 29" W a distance of 641.79 feet to a point on the right-of-way curve which is the SW Corner which is the point of beginning. Said parcel contains 8.47 acres, more or less.

### ESTIMATED SOURCES AND APPLICATION OF FUNDS

#### Source of Funds

Proceeds of Certificates of Participation	\$3,300,000.00	
Construction Period Interest Earnings (est.)	<u>27,612.00</u>	
		<u>\$3,327,612.00</u>

### Application of Funds

Construction	\$2,692,000.00	
Capitalized Interest	339,734.69	
Estimated Costs of Issuance		
(Legal opinion, Escrow Agent's acceptance fee, printing, Lessor's fee, Originator's fee, Bond Counsel, Underwriter's discount, Lessee's Counsel, Title Insurance and Environmental)	<u>295,887.31</u>	<u>\$3,327,612.00</u>

### **THE CERTIFICATES**

**Generally.** All Certificates shall be issued as fully registered Certificates in denominations of \$5,000 or in such other denominations as shall be designated by the Lessor and the Escrow Agent. Interest on the Certificates will be paid by check or draft of the Escrow Agent mailed to the owner of record at the address shown on the Certificate register maintained by the Escrow Agent. Principal on any Certificate will be paid only upon surrender of such Certificate to the Escrow Agent at its principal office in St. Paul, Minnesota. The Certificates are subject to redemption prior to maturity as described herein.

Each Certificate is payable solely from Rental Payments which may be annually appropriated by the Lessee and from proceeds of liquidation of the Project, all as more completely described herein. The issuance of the Certificates does not directly or contingently obligate the Lessee to make any payments beyond those appropriated for the Lessee's then current fiscal year and shall not constitute or give rise to a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation.

**Transfer, Loss, Theft, Destruction or Mutilation.** Upon surrender of any Certificate duly endorsed for transfer by the Owner or his or her agent and accompanied by a written instrument of transfer in a form approved by the Escrow Agent, the Escrow Agent will execute and deliver in the name of the transferee one or more new registered Certificates. New Certificates will be prepared and delivered to the Transferee only if all necessary endorser's signatures are guaranteed in such manner and in such form as the Escrow Agent shall deem necessary to ascertain the genuineness and effectiveness of each endorsement, upon presentation of satisfactory evidence of compliance with all applicable laws relating to the payment of taxes, and upon payment of the Escrow Agent's transfer fee in an amount not to exceed the then prevailing fee charged by the Escrow Agent for each Certificate issued. Upon the loss, theft, destruction or mutilation of a Certificate, the Escrow Agent will issue a replacement certificate upon surrender of the mutilated certificate or submission of proof of the loss, destruction or theft, indemnification satisfactory to the Escrow Agent, and payment of the Escrow Agent fee in an amount not to exceed the then prevailing fee charged by the Escrow Agent for each Certificate issued.

**Redemption in Whole.** The Certificates are subject to redemption prior to their respective stated maturities, on the next succeeding Certificate Payment Date, in whole, commencing February 1, 2003, upon the exercise by the Lessee of its option on any Rental Payment Date on or after August 1, 2002, to purchase the Project and the payment by the Lessee of the Purchase Price or, if all or a portion of the Project is destroyed, damaged or condemned, the Project is not repaired or replaced and the Lessor has made the payments required under the Agreement. See - "SUMMARY OF LEGAL DOCUMENTS - Escrow Agreement."



The Certificates are further subject to redemption in whole, at par or to such extent of par as funds are available to the Escrow Agent for such redemption, if the Lease is terminated in the event the Lessee does not appropriate funds as provided in the Lease prior to the commencement of each succeeding fiscal year of the Lessee or upon the occurrence of an Event of Default (as hereinafter defined), in accordance with and limited by the terms and conditions of the Escrow Lease. See - "SUMMARY OF LEGAL DOCUMENTS - Escrow Agreement."

**Redemption After Nonappropriation or Upon an Event of Default.** If the Lease is terminated due to the failure of the Lessee to appropriate funds sufficient to pay the Rental Payments due during the next succeeding fiscal year of the Lessee or if certain Events of Default occur and if the terms and conditions of the Escrow Agreement are satisfied, principal and interest on Certificates shall be declared due and payable. If there are not sufficient moneys available to pay in full all interest and principal then due on the Certificates, the Escrow Agent shall apply all available moneys first to the payment of all interest due with respect to such Certificates, pro rata if necessary, and second to the payment of the principal of such Certificates, pro rata if necessary. See "SUMMARY OF LEGAL DOCUMENTS - Escrow Agreement, Events of Default and Remedies Thereupon."

**No Interest After Redemption Date.** Interest shall cease to accrue on Certificates selected for redemption from and after the date set for redemption.

**Notice of Redemption.** Notice of redemption shall be mailed, first class postage prepaid, to the Owners of the Certificates to be redeemed at their addresses appearing on the Certificate register maintained by the Escrow Agent, as soon as practicable but not less than eight (8) days nor more than forty (40) days prior to the redemption date.

## **SUMMARY OF LEGAL DOCUMENTS**

The following is a brief summary of certain provisions of the Lease and the Escrow Agreement and is not intended to be definitive. The summary does not purport to be a complete explanation of all provisions in these documents, and reference is directed to such documents, which are available from the Underwriter during the period of the offering, for the complete text thereof.

### **THE LEASE WITH OPTION TO PURCHASE AGREEMENT**

The Lessee has entered into the Lease with Option to Purchase Agreement with the Lessor as a means of financing the construction and acquisition of the Project. The Lease is regarded by the Lessee as more favorable than an operating lease because the Lessee will acquire the Project free of all liens and encumbrances at the end of the Lease Term, and the interest financing rate reflects the fact that the Interest component of the Rental Payments is not currently subject to federal income taxation. The Lease contains the terms and conditions under which the Project will be leased to the Lessee.

**Term of Lease.** The term of the Lease commences as of August 1, 1992 and continues until August 1, 2012 unless it is earlier terminated pursuant to the terms of the Lease.

**Rental Payments.** The Lessee is obligated to pay the Rental Payments from legally available funds in the amounts and on the dates set forth in the Lease. The Rental Payments are not a debt of the Lessee and are not a debt or obligation of the State of Nevada or any other agency or other political subdivision of the State of Nevada.

The Lessor has assigned all of its right, title and interest in the Lease, including the right to receive the Rental Payments under the Lease, to the Escrow Agent. The Rental Payments are to be used by the Escrow Agent to pay, when due, the principal of and interest on the Certificates.

**Nonappropriation.** The Lease shall automatically terminate and be canceled if sufficient funds are not appropriated for payments of the Rental Payments coming due during the succeeding fiscal year of the Lessee. The Lessee has represented in the Lease that funds are available to pay all amounts due under the Lease during the Lessee's current fiscal year.

**Nonsubstitution.** During the first full fiscal year after a termination of this lease, Lessee agrees, to the extent permitted by State Law, not to purchase, lease or rent property to perform the same functions as or functions taking the place of, those performed by the Project and agrees, to the extent permitted by State Law, not to permit such functions to be performed by any agency or entity affiliated with or hired by Lessee; however, these restrictions shall not be applicable to the extent that the application of these restrictions would affect the validity of this Lease.

**Title.** Title to the Land during the term of the Lease shall be in the Lessee. During the Term of the Lease, legal title to the Improvements and any and all repairs, replacements, substitutions and modifications shall be in Lessor and the Lessor shall execute and deliver to the Lessee such documents as the Lessee may request to evidence the release of the Lessor's interest in the Project and Land in the event that the Lessee (a) exercises its option under the Lease to purchase the Project or (b) pays all Rental Payments coming due to and including August 1, 2012.

**Use and Alterations to the Project.** The Lessee is required to use the Project in a careful manner for the use contemplated by the design of the Project and shall comply with all laws, ordinances, insurance policies and regulations relating to, and pay all claims, costs, damages, fees and charges arising out of, the Lessee's possession and use of the Project. The Lessee covenants to keep the Project in good repair, working order and condition and from time to time make or cause to be made all necessary repairs, replacements and improvements and furnish all parts, mechanisms and devices required therefor. The Lessee shall have the right, at its own cost, to make additions, modifications and improvements to the Project. Such additions, modifications or improvements must not in any way damage the Project and shall comprise part of the Project and be subject to the provisions of the Lease.

**Casualty and Property Insurance.** The Lessee is required to keep the Project insured against all risks of loss or damage from casualty occurrences as provided in the Lease in an amount equal to the next preceding Purchase Price. Any proceeds from such insurance, together with any other funds necessary and available for such purpose, shall be applied in accordance with the provisions of the Lease. The Lessee similarly is required to carry public liability and property damage insurance. See "SECURITY FOR THE CERTIFICATES--Insurance on the Project."

**Liens and Taxes.** The Lessee is required to keep the Project free of all levies, liens and encumbrances except those created under the Lease. The Lessee shall pay, when due, all charges and taxes (local, state and federal) which are now or hereafter imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Project.

**Assumption of Risks and Liabilities.** The Lessee has assumed, subject to any limitations granted by the laws of Nevada, all risks and liabilities, whether or not covered by insurance, for loss or damage to the Project and for injury to or death of any person or damage to any property, if

such injury, death, loss or damage be approximately caused by the negligent conduct of the Lessee, its officers, employees and agents, whether such injury or death be with respect to agents or employees of the Lessee or of third parties, and whether such property damage be to Lessee property or the property of others.

**Default.** The Lessee shall be deemed to be in default under the Lease if:

(a) the Lessee shall fail to make any Rental Payment or any other payments required under the Lease, and such failure continues for five (5) days from the due date thereof;

(b) the Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed under the Lease and such failure is not cured within thirty (30) days after written notice thereof by the Lessor;

(c) the filing by the Lessee of a voluntary petition in bankruptcy, or the failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of the Lessee to carry on its operations at the Project, or the adjudication of the Lessee as a bankrupt, or assignment by the Lessee into an agreement of the composition with creditors.

**Remedies on Default.** Upon the occurrence of an event of default as specified above, the Lessor may, at its option, exercise any one or more of the following remedies:

(a) With or without terminating, the Lease, re-enter and take possession of the Project and exclude the Lessee from using the Project; however, if the Lease has not been terminated, the Lessor shall return possession of the Project to the Lessee when the event of default is cured (including payment of all costs and expenses incurred by the Lessor, the Escrow Agent or any Certificate Owner resulting therefrom), and further, the Lessee shall, during such period of repossession by the Lessor without termination of the Lease, continue to be responsible for the Rental Payments and other amounts due or to become due during the Term of the Lease;

(b) With or without terminating the Lease, re-enter and take possession of the Project, and lease or sublease the Project (or any portion thereof), holding the Lessee liable for the difference between (i) the rent and other amounts paid by the lessee or sublessee pursuant to such lease or sublease and (ii) the balance of the Rental Payments and other amounts owed due or to become due during the Term of the Lease; however, nothing contained herein shall impose an obligation upon the Lessor so to lease or sublease the Project, and any excess proceeds from such disposition shall be applied in accordance with any applicable provisions of the Contract or the Ground Lease;

(c) With or without terminating the Lease, declare all Rental Payments due or to become due during the Term of this Lease to be immediately due and payable by the Lessee whereupon such Rental Payments shall be, to the extent permitted by State Law, immediately due and payable; or

(d) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments and other amounts then due and thereafter to become due during the Term of the Lease or to enforce performance and observance of any other obligation, agreement or covenant of the Lessee under the Contract, the Ground Lease, and the Lease.

**Purchase Option.** Provided that the Lessee is not in default under the Lease and provided that there is not then existing an event which with notice or lapse of time, or both, could become an event of default under the Lease, the Lessee shall have the option on certain Rental Payment Dates set forth in the Lease to purchase the Project, upon forty (40) days prior written notice to the Lessor, for a purchase price equal to the Rental Payment and the Purchase Price specified in the Lease.

**Assignment.** The Lessee may not, without the Lessor's prior written consent, assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of the Lease, the Ground Lease or the Project. The Lessor may, without the consent of the Lessee, assign its rights, title and interest in and to the Lease as provided therein, and any such assignment by the Lessor may be reassigned. Under the Escrow Agreement and the Assignment Agreement, the Lessor has assigned, pledged and granted all its rights, interests and privileges in, to and under the Lease and the Ground Lease to and in favor of the Escrow Agent to secure payment of the Certificates. The payments to be made under the Lease will be paid directly to the Escrow Agent and, together with amounts available in the Certificate Fund created under the Escrow Agreement, will be sufficient, if paid promptly and in full, to enable the Escrow Agent to make the required payments of the principal of, premium, if any, and interest on the Certificates as the same become due. Pursuant to the Escrow Agreement and Assignment Agreement, the Escrow Agent is authorized to exercise the rights of the Lessor and to enforce the obligations of the Lessee under the Lease.

**Option to Purchase Project.** Under the Assignment Lease, the Lessor has granted to the Escrow Agent the option to acquire its interests in the Project. Upon the occurrence of an event of default under the Escrow Agreement, the Escrow Agent may exercise its option to acquire the Project, upon notification to do so by the Owners of not less than fifty-one percent (51%) in aggregate principal amount of Outstanding Certificates and upon being indemnified.

## **THE ASSIGNMENT AGREEMENT**

The Assignment Agreement (the "Assignment") has been entered into by the Lessee, the Lessor, and the Escrow Agent. Pursuant to the Assignment, the Lessor agrees to sell, assign and convey to the Escrow Agent on behalf of the Registered Owners of the Certificates of participation, without recourse, all of its right title and interest in the Ground Lease, the Lease, all Rental Payments and other amounts due under the Lease, the Project and all other Lease documents. The Lessor will retain only those rights specified in the Escrow Agreement with regard to the Certificates of Participation.

Pursuant to the Lease, Lessor may, without the consent of the Lessee, assign its right, title and interest in the Lease, the Rental Payments and other amounts due thereunder and the Project. After an assignment the Lessee will pay all Rental Payments to the assignee.

The Assignment provides that the Escrow Agent is appointed corporation's lawful attorney to collect and sue for the Rental Payments, to settle claims arising under the Lease and to exercise all rights Lessor may have with respect to the Project.

## THE ESCROW AGREEMENT

The Escrow Agreement is by and among the Lessee, the Lessor and the Escrow Agent.

**Certificates.** The Escrow Agreement authorizes the Escrow Agent to prepare, execute and deliver the Certificates. The Escrow Agent shall maintain a register of the name and address of each Owner. The Certificates are transferable only upon the Certificate register at the principal office of the Escrow Agent upon surrender of the Certificate, together with a written instrument of transfer satisfactory to the Escrow Agent duly executed by the registered Owner or his or her duly authorized attorney and payment of the transfer fee in an amount not to exceed the then prevailing fee charged by the Escrow Agent for each new Certificate to be issued. See - "THE CERTIFICATES OF PARTICIPATION - General Provisions."

**Escrow Fund.** The Escrow Agreement creates a escrow fund to be kept separate and apart from all other funds and moneys held by the Escrow Agent. The Escrow Agreement establishes the following accounts within the escrow fund: the Property Acquisition Fund, the Certificate Fund, and the Redemption Account.

Proceeds of the sale of the Certificates deposited in the Property Acquisition Fund will be applied to payment of the cost of the Project and of expenses with respect to issuance of the Certificates.

All Rental Payments and other payments required to be made under the Lease are to be immediately deposited in the Certificate Fund. Moneys in the Certificate Fund are to be applied to payments of principal and interest on the Certificates.

**Investment of Escrow Fund.** Moneys held by the Escrow Agent in any of the accounts established pursuant to the Escrow Agreement shall be invested in Permitted Investments pursuant to written instruction of the Lessee.

After August 1, 1993, interest and income, if any, received by the Escrow Agent on investment of the Property Acquisition Fund shall be retained in such account until the account is closed pursuant to the terms of the Escrow Agreement. Interest or income, if any, received by the Escrow Agent on investment of the Certificate Fund shall be applied as a credit against the next succeeding Rental Payment due from the Lessee.

**Events of Default and Remedies Thereupon.** An event of default shall occur under the Escrow Agreement upon the same occurrences as set forth in the Lease and the Ground Lease, and the remedies thereupon shall be the same as under the Lease and the Ground Lease, in each case the Escrow Agent succeeding in the place of, and with all the rights of, the Lessor.

**Redemption.** The Certificates are subject to redemption in whole or in part under the terms and conditions set forth in the Escrow Agreement. See - "THE CERTIFICATES OF PARTICIPATION."

**Escrow Agent Responsibility and Liability.** The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction, or request furnished to it under the Escrow Agreement and believed by it to be genuine and to have been presented by the proper party or parties and signed on behalf of the Lessee, Owners of the Certificates or the Lessor, as the case may be. The Escrow Agent will not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by the Escrow Agreement, shall be answerable only for its own negligence and willful misconduct, and may consult with counsel of its own choice and shall have full and complete

authorization and protection for any action taken or suffered by it under the Escrow Agreement in good faith and in accordance with the opinion of such counsel.

Also, the Escrow Agent shall not be responsible for the negligent or willful misconduct of any attorney, agent or servant appointed by it with reasonable care.

**Substitution and Resignation of Escrow Agent.** A bank or trust company authorized to perform corporate trust services may be substituted to act as Escrow Agent under the Escrow Agreement upon the written request of the Owners of a majority in aggregate principal amount of the Certificates then outstanding. The Escrow Agent or any successor Escrow Agent may at any time resign by giving thirty (30) days prior written notice to the Owners of all the outstanding Certificates, and such resignation shall take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Escrow Agent approved in writing by the Owners of a majority in aggregate principal amount of Certificates then outstanding. In the event that a successor Escrow Agent shall not have been appointed within such thirty (30) day period after written notice of resignation or removal, the resigning Escrow Agent, the Lessor, or the Lessee may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. No resignation or removal of the Escrow Agent shall be effective until acceptance of appointment by the successor escrow agent. Any successor Escrow Agent shall have capital and surplus exclusive of borrowed capital aggregating at least \$10,000,000 and shall be subject to examination or supervision by a federal or state banking authority.

**Amendment.** The Lessee, Escrow Agent and the Lessor, without the consent of the Certificate Owners, may amend the Escrow Agreement for the following purposes.

- (a) To cure any ambiguity, inconsistency or formal defect or omission in the Escrow Agreement;
- (b) To grant to or confer upon the Escrow Agent for the benefit of the Certificate Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Certificate Owners or the Escrow Agent or either of them;
- (c) To subject additional revenues to the lien and pledge of the Escrow Agreement;
- (d) To add to the covenants and agreements of the Escrow Agent contained in the Escrow Agreement other covenants and agreements thereafter to be observed for the protection of the Certificate Owners or to surrender or limit any right, power or authority herein reserved to or conferred upon the Escrow Agent; or
- (e) To evidence any succession within the Lessee, the Escrow Agent or the Lessor and the assumption by such successors of the requirements, covenants and agreements of the Lessee, the Escrow Agent or the Lessor in the Escrow Agreement, the Lease and the Certificates.

Exclusive of the aforementioned types of amendment, the Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding shall have the right, from time to time, anything contained in the Escrow Agreement to the contrary notwithstanding, to consent to and approve the execution by the Lessee, the Lessor and the Escrow Agent of such other amendments as shall be deemed necessary and desirable by the Lessee, the Lessor or the Escrow Agent for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Escrow Agreement or in any amendment thereto, provided, however, that no amendment shall permit or be construed as permitting: (i) without the consent of each Certificate Owner so affected, an extension of the majority of the principal of or the interest on any Certificate, a reduction in the principal amount of any Certificate

or a reduction in the rate of interest thereon or, (ii) without the consent of the Owners of all of the Certificates then Outstanding, a privilege or priority of any Certificate over any other Certificate or a reduction in the aggregate principal amount of the Certificates required for consent to such amendment.

**Defeasance.** Upon payment of all outstanding Certificates, either at or before maturity, or upon deposit of money with the Escrow Agent sufficient with other available funds to redeem all the Certificates at or before maturity, the Escrow Agreement will be terminated with respect to the Certificates.

## **THE GROUND LEASE AGREEMENT**

The Ground Lease Agreement is by and between the Lessee and the Lessor.

Pursuant to the Ground Lease, the Lessee has leased to the Lessor the Land and any existing improvements thereon for the term ending on the earlier of (i) August 1, 2032; (ii) if the Lease is terminated by payment or prepayment of all Rental Payments, on the date of such payment, or (iii) if the Lease is terminated following an event of default under the Lease, upon payment of all amounts due to Certificateholders as set forth in the Lease. In the event that the Lessee exercises its option to purchase the Project under the Lease, then the Ground Lease will terminate on the date of such exercise. The total rent payable by the Lessor is \$1.00 payable on the date of execution of the Ground Lease. The Lessee covenants that upon Lessor's paying the rent required by the Ground Lease, the Lessee will give the Lessor peaceable possession of the Project.

## **ENFORCEABILITY OF OBLIGATIONS**

On the closing date, Daniel Papez, Esquire of Dobrescu & Papez, Ely, Nevada, counsel to the Lessee, will deliver his opinion that the Lease, the Ground Lease, the Assignment Agreement and the Escrow Agreement are valid and binding instruments enforceable against the Lessee in accordance with their terms, except to the extent limited by principles of equity and by bankruptcy, reorganization, moratorium or other laws of general application relating to or affecting enforcement of creditors' rights.

## **TAX EXEMPTION**

In the opinion of Dorsey & Whitney, a professional corporation, Minneapolis, Minnesota, Special Counsel, assuming compliance by the Lessee with certain covenants and representations contained in the Lease, the Ground Lease, the Assignment, and in the Escrow Agreement, interest on the Certificates derived from the portion designated as interest of each periodic lease payment by the Lessee pursuant to the Lease and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings, and court decisions; however, such interest may affect the alternative minimum tax payable by a corporation, the branch profits tax payable by a foreign corporation doing business in the United States, and the tax imposed on excess net passive income of a Subchapter S corporation..

## **UNDERWRITING**

The Underwriter has agreed to purchase the Certificates offered hereby at a price of \$3,184,500.00 resulting in an Underwriter's discount of \$115,500.00 and to re-offer the Certificates at the initial price stated on the cover of this Offering Memorandum. Such price is subject to change after the date hereof. Under the Lease, Juran & Moody Capital Corporation will receive a lessor's fee of \$20,000.00.

## **MISCELLANEOUS**

Copies of the documents summarized or described in this Offering Memorandum are available for review in the office of the Underwriter during the period of the offering.

Any statements in this Offering Memorandum and exhibits hereto involving estimates or assumptions, whether or not expressly so stated, are intended as such and no representation whatsoever is made that such estimates or assumptions are correct or will be realized. So far as any statements are made in this Offering Memorandum and exhibits attached hereto involving matters of opinion, whether or not expressly so stated, they are intended as such and not as representations of fact. Neither this Offering Memorandum, nor any statement that may have been made orally or in writing, is to be construed as a contract with the purchasers or holders of any of the Certificates. All information contained in this Offering Memorandum and exhibits hereto pertaining to the Lessee has been furnished by the Lessee for use herein. All information contained in this Offering Memorandum and exhibits is subject to change and/or correction without notice and neither the delivery of this Offering Memorandum nor any sale made hereunder shall create any implication that the information contained herein is complete or accurate in its entirety as of any date after the date hereof.

The Lessee has appointed Lessor to act as its agent in the preparation of this Offering Memorandum. The Lessee has neither reviewed nor approved this Offering Memorandum.



# **APPENDIX A**

## **DEFINITIONS**

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## APPENDIX A

### DEFINITIONS

**Assignment Agreement:** The Lessor, the Lessee and the Escrow Agent have entered into an Assignment Agreement relating to the Lease and Ground Lease dated as of August 1, 1992.

**Code:** The United States Internal Revenue Code of 1986, as now or hereafter amended and the regulations and revenue rulings and procedures issued pursuant thereto from time to time.

**Completion Date:** With respect to the Project, the date upon which a final Acceptance Certificate, in the form of Exhibit "G" to the Lease, is issued with respect thereto by Lessee.

**Costs or Project Costs:** All capital costs incurred for the acquisition of the Land and the design, acquisition, construction and installation of the Improvements.

**Escrow Agent Representative:** Any officer or employee of the Escrow Agent who is designated in writing by or by resolution of the governing body of the Escrow Agent as a Escrow Agent Representative for purposes of the Lease.

**Fiscal Year:** Each twelve (12) month fiscal period of Lessee commencing on July 1 of any year and ending on June 30 of the following year.

**Improvements:** The improvements, which are generally described in Exhibit "B" to the Lease, to be designed, acquired, constructed and installed on the Land in accordance with the Lease and any other improvements constructed pursuant to the Lease.

**Land:** The real property described in Exhibit "A" to the Lease upon which the improvements are to be constructed.

**Lessee Representative:** Any officer or employee of Lessee who is designated in writing by or by resolution of the governing body of Lessee as a Lessee Representative for purposes of the Lease.

**Lessor Representative:** The President or any Vice President of Lessor or any officer of Lessor who is designated in writing by or by resolution of the Lessee of Directors of Lessor as a Lessor Representative for purposes of the Lease.

**Net Proceeds:** Any insurance proceeds or condemnation award paid with respect to the Project remaining after payment therefrom of all expenses incurred in the collection thereof.

**Payment Date:** The date upon which any Rental Payment is due and payable as provided in Section 5.1 of the Lease and as set forth in Exhibit "B" thereto.

**Project:** The Land and the Improvements.

**Purchase Price:** For each Payment Date, the amount set forth as the Concluding Payment in Exhibit "C" to the Lease.

**Rental Payment:** A semi-annual payment due from Lessee to Escrow Agent under Section 5.1 of the Lease and set forth in Exhibit "C" thereto.

**State:** The State of Nevada.

**State and Federal Law or Laws:** The Constitution and laws of the State; any ordinance, rule or regulation of any agency or political subdivision of the State; any law of the United States; and any rule or regulation of any federal agency.

**Term of the Lease or Lease Term:** The period during which the Lease remains in effect as specified in Sections 4.1 and 4.2 thereof.

## **APPENDIX B**

### **SELECTED FINANCIAL INFORMATION OF THE LESSEE**

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**DANIEL C. McARTHUR**

Certified Public Accountant

Quail Park III  
501 South Rancho Drive, Suite H-53  
Las Vegas, Nevada 89106-4836  
(702) 385-1899

**INDEPENDENT AUDITOR'S REPORT**

Honorable Board of County Commissioners  
Lincoln County  
Pioche, Nevada

I have audited the accompanying general purpose financial statements of Lincoln County, Nevada, as of June 30, 1991 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Lincoln County's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accounting method in the Enterprise Fund of expensing fixed assets when acquired is not in conformance with generally accepted accounting principles. Generally accepted accounting principles require that fixed assets be recorded at cost and this cost charged against current revenues through annual depreciation charges over the estimated useful lives of the assets. Due to this method of accounting, long-term debt associated with the acquisition of fixed assets is included in the General Long-Term Debt Group and a statement of changes in financial position has not been included in the financial statements for the Enterprise Fund. In my opinion, the financial statements of the Enterprise Fund do not present fairly, in conformity with generally accepted accounting principles, the financial position of the Enterprise Fund at June 30, 1991 or the results of operations for the year then ended.

Lincoln County, Nevada

The County's fixed assets records do not include historical costs for all items and the records have not been maintained on a current basis. Accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial statements.

In my opinion, except for the Enterprise Fund, the inclusion of the long-term debt related to the Enterprise Fund in the General Long-Term Debt Group and the effects of omitting the General Fixed Asset Group as discussed in the preceding paragraphs, the general purpose financial statements referred to in the first paragraph present fairly in all material respects the financial position of Lincoln County, Nevada as of June 30, 1991 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Lincoln County, Nevada. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Daniel C. McArthur*

Las Vegas, Nevada  
November 5, 1991



<u>Types</u>	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>	
<u>Capital Projects</u>	<u>Enterprise Fund</u>	<u>and Agency</u>	<u>Long-Term Debt</u>	<u>(Memorandum Only)</u>	
				<u>1991</u>	<u>1990</u>
\$ 101 771	\$ 97 222	\$ 500 461	\$ -	\$ 2 218 860	\$ 1 941 423
-	29 959	-	-	29 959	31 208
404	-	4 918	-	29 751	47 116
-	-	13 848	-	21 972	25 247
-	-	11 583	-	244 512	221 799
-	-	-	43 508	43 508	43 138
-	-	-	386 954	386 954	495 989
<u>\$ 102 175</u>	<u>\$ 127 181</u>	<u>\$ 530 810</u>	<u>\$ 430 462</u>	<u>\$ 2 975 516</u>	<u>\$ 2 805 920</u>
\$ -	\$ 24 582	\$ -	\$ -	\$ 264 325	\$ 309 666
-	-	19 861	-	27 564	20 149
-	-	-	-	11 185	30 291
-	3 650	-	-	3 650	2 600
-	8 101	-	77 531	85 632	69 212
-	-	318 094	-	318 094	220 942
-	-	-	29 886	29 886	134 239
-	-	-	323 045	323 045	340 386
-	-	-	-	-	2 500
-	36 333	337 955	430 462	1 063 381	1 129 985
-	90 848	-	-	90 848	71 973
102 175	-	-	-	145 683	43 138
-	-	192 855	-	1 675 604	1 560 824
<u>\$ 102 175</u>	<u>\$ 127 181</u>	<u>\$ 530 810</u>	<u>\$ 430 462</u>	<u>\$ 2 975 516</u>	<u>\$ 2 805 920</u>

See accompanying summary of accounting policies and  
notes to financial statements

LINCOLN COUNTY, NEVADA  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1991

<u>Governmental Fund</u>			
	General	Special Revenue	Debt Service
<b>Assets</b>			
Cash and investments (Note 7)	\$ 509 918	\$ 966 593	\$ 42 895
Accounts receivable	-	-	-
Interest receivable	20 736	3 080	613
Property taxes receivable (Note 2)	8 124	-	-
Due from other governments	88 844	144 085	-
Other debits:			
Amount available for retire- ment of bonds/notes	-	-	-
Amount to be provided for retirement of bonds/notes payable/accrued compensated absences	-	-	-
<b>Total assets and     other debits</b>	<b><u>\$ 627 622</u></b>	<b><u>\$ 1 113 758</u></b>	<b><u>\$ 43 508</u></b>
<b>Liabilities</b>			
Accounts payable	\$ 98 090	\$ 141 653	\$ -
Deferred tax revenues (Note 2)	7 703	-	-
Deferred revenue	-	11 185	-
Customer deposits	-	-	-
Accrued compensated absences (Note 8)	-	-	-
Due to other taxing districts	-	-	-
Notes payable (Note 3)	-	-	-
Revenue bonds payable (Note 3)	-	-	-
General obligation bonds payable (Note 3)	-	-	-
<b>Total liabilities</b>	<b>105 793</b>	<b>152 838</b>	<b>-</b>
<b>Fund Equity</b>			
Retained earnings - unreserved	-	-	-
Fund balance:			
Reserved for debt service	-	-	43 508
Unreserved - undesignated	<u>521 829</u>	<u>960 920</u>	<u>-</u>
<b>Total liabilities     and fund equity</b>	<b><u>\$ 627 622</u></b>	<b><u>\$ 1 113 758</u></b>	<b><u>\$ 43 508</u></b>

Fund Types		Fiduciary	Totals	
Debt	Capital	Fund Type	(Memorandum Only)	
Service	Projects	Expendable Trust	1991	1990
\$ 4 632	\$ 15 334	\$ -	\$ 549 105	\$ 411 707
-	-	-	17 108	16 171
-	-	-	3 131 075	3 019 420
-	-	-	131 147	147 702
-	-	-	141 010	127 989
3 018	1 995	88 632	323 405	176 100
7 650	17 329	88 632	4 292 850	3 899 089
-	-	6 667	1 015 724	876 166
-	-	-	867 163	723 653
-	-	-	288 294	275 745
-	-	-	1 180 000	827 524
-	-	-	151 589	104 393
-	-	-	1 647	3 605
-	-	-	83 635	58 002
-	-	-	46 059	54 766
-	-	-	48 595	37 607
-	-	-	17 098	15 599
-	-	-	182 089	115 021
-	-	-	-	-
-	-	-	75 598	200 240
19 841	-	-	124 194	68 644
17 073	-	-	23 476	40 070
36 914	-	6 667	4 105 161	3 401 035
(29 264)	17 329	81 965	187 689	498 054
29 634	59 035	-	298 669	89 008
-	-	-	(269 035)	(59 500)
-	-	-	-	193 800
29 634	59 035	-	29 634	223 308
370	76 364	81 965	217 323	721 362
43 138	25 811	110 890	1 603 965	882 603
\$ 43 508	\$ 102 175	\$ 192 855	\$ 1 821 288	\$ 1 603 965

See accompanying summary of accounting policies  
and notes to financial statements

LINCOLN COUNTY, NEVADA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
June 30, 1991

	Governmental	
	General	Special Revenue
Revenues:		
Taxes (Note 2)	\$ 437 120	\$ 92 019
Licenses and permits	12 938	4 170
Intergovernmental	1 047 635	2 083 440
Charges for services	75 669	55 478
Fines and fees	141 010	-
Other	120 380	109 380
Total revenues	<u>1 834 752</u>	<u>2 344 487</u>
Expenditures:		
Current:		
General government	576 575	432 482
Public safety	837 064	30 099
Judicial	288 294	-
Highways and streets	-	1 180 000
Culture and recreation	-	151 589
Public works	1 647	-
Welfare	-	83 635
Health	16 147	29 912
Transportation	-	48 595
Agriculture	-	17 098
Community support	-	182 089
Other	-	-
Capital projects	-	75 598
Debt service:		
Principal retirement	-	104 353
Interest charges	-	6 403
Total expenditures	<u>1 719 727</u>	<u>2 341 853</u>
Excess (deficiency) of revenues over expenditures	<u>115 025</u>	<u>2 634</u>
Other financing sources (uses):		
Operating transfers in (Note 4)	-	210 000
Operating transfers out (Note 4)	(129 035)	(140 000)
Loan proceeds	-	-
Total other financing sources (uses)	<u>(129 035)</u>	<u>70 000</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(14 010)</u>	<u>72 634</u>
Fund balances:		
Beginning of year	<u>535 839</u>	<u>888 287</u>
End of year	<u>\$ 521 829</u>	<u>\$ 960 921</u>

Special Revenue		Variance- Favorable (Unfavorable)
Budget	Actual	
\$ 211 275	\$ 81 211	\$ (130 064)
2 500	4 170	1 670
1 986 306	1 960 054	(26 252)
22 000	24 283	2 283
-	-	-
78 200	119 325	41 125
2 300 281	2 189 043	(111 238)
608 600	405 100	203 500
46 300	30 101	16 199
-	-	-
1 060 100	1 269 585	(209 485)
168 782	148 743	20 039
-	-	-
67 227	83 633	(16 406)
35 825	29 915	5 910
-	48 595	(48 595)
18 482	17 052	1 430
52 100	-	52 100
175 000	62 798	112 202
-	-	-
-	-	-
2 232 416	2 095 522	136 894
67 865	93 521	25 656
160 100	123 100	(37 000)
(205 000)	(202 399)	2 601
-	-	-
(44 900)	(79 299)	(34 399)
22 965	14 222	(8 743)
728 831	867 759	138 928
\$ 751 796	\$ 881 981	\$ 130 185

See accompanying summary of accounting policies  
and notes to financial statements

LINCOLN COUNTY, NEVADA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 1991  
Page 1 of 2

	General		Variance- Favorable
	Budget	Actual	(Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 426 309	\$ 437 120	\$ 10 811
Licenses and permits	11 500	12 938	1 438
Intergovernmental	1 053 147	1 047 635	(5 512)
Charges for services	66 500	75 669	9 169
Fines and fees	103 000	141 010	38 010
Other	103 000	120 380	17 380
<b>Total revenues</b>	<b>1 763 456</b>	<b>1 834 752</b>	<b>71 296</b>
<b>Expenditures</b>			
Current:			
General government	623 604	576 575	47 029
Public safety	802 723	837 064	(34 341)
Judicial	279 312	288 294	(8 982)
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public works	6 000	1 647	4 353
Welfare	-	-	-
Health	20 000	16 147	3 853
Transportation	-	-	-
Agriculture	-	-	-
Community support	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest charges	-	-	-
<b>Total expenditures</b>	<b>1 731 639</b>	<b>1 719 727</b>	<b>11 912</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>31 817</b>	<b>115 025</b>	<b>83 208</b>
<b>Other financing sources (uses):</b>			
Operating transfers in (Note 4)	65 000	-	(65 000)
Operating transfers out (Note 4)	(129 035)	(129 035)	-
Loan proceeds	-	-	-
<b>Total other sources (uses)</b>	<b>(64 035)</b>	<b>(129 035)</b>	<b>(65 000)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(32 218)</b>	<b>(14 010)</b>	<b>18 208</b>
<b>Fund balances:</b>			
Beginning of year	448 271	535 839	87 568
End of year	\$ 416 053	\$ 521 829	\$ 105 776

LINCOLN COUNTY, NEVADA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 1991  
Page 2 of 2

	Debt Service Fund Types		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:	\$	\$	\$
Taxes	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and fees	-	2 978	2 978
Other	-	2 978	2 978
Total revenues	-	2 978	2 978
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Judicial	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Welfare	-	-	-
Health	-	-	-
Transportation	-	-	-
Agriculture	-	-	-
Community support	-	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	11 250	17 341	(6 091)
Interest charges	18 180	16 950	1 230
Total expenditures	29 430	34 291	(4 861)
Excess (deficiency) of revenues over expenditures	(29 430)	(31 313)	(1 883)
Other financing sources (uses):			
Operating transfers in (Note 4)	29 430	29 634	204
Operating transfers out (Note 4)	-	-	-
Loan proceeds	-	-	-
Total other sources (uses)	29 430	29 634	204
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(1 679)	(1 679)
Fund balances:			
Beginning of year	43 196	45 129	1 933
End of year	\$ 43 196	\$ 43 450	\$ 254

See accompanying summary of accounting policies  
and notes to financial statements

Capital Projects Fund			Variance- Favorable (Unfavorable)
Budget	Actual		
\$ 15 291	\$ 15 334	\$	43
-	-		-
-	-		-
-	-		-
-	134		134
15 291	15 468		177
-	-		-
-	-		-
-	-		-
-	-		-
-	-		-
-	-		-
61 326	-		61 326
-	-		-
61 326	-		61 326
(46 035)	15 468		61 503
46 035	59 035		13 000
-	-		-
46 035	59 035		13 000
-	74 503		74 503
-	34		34
\$ -	\$ 74 537	\$	74 537

See accompanying summary of accounting policies  
and notes to financial statements



LINCOLN COUNTY, NEVADA  
COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
ENTERPRISE FUND

	Year Ended June 30,	
	1991	1990
Revenues:		
Charges for services	\$ 392 180	\$ 327 312
Expenses:		
Salaries and wages	74 116	67 339
Employee benefits	23 456	21 230
Service and supplies	<u>249 115</u>	<u>224 550</u>
Total expenses	<u>346 687</u>	<u>313 119</u>
Operating income (loss)	45 493	14 193
Non-operating revenues - Interest	<u>3 016</u>	<u>5 152</u>
Income (loss) before operating transfer	<u>48 509</u>	<u>19 345</u>
Operating transfer out (Note 4)	<u>(29 634)</u>	<u>(29 508)</u>
Net income (loss)	18 875	(10 163)
Retained earnings:		
Beginning of year	<u>71 973</u>	<u>82 136</u>
End of year	<u>\$ 90 848</u>	<u>\$ 71 973</u>

See accompanying summary of accounting policies  
and notes to financial statements

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# **APPENDIX C**

## **LOCAL COUNSEL LEGAL OPINION**

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## EXHIBIT D

### LOCAL COUNSEL LEGAL OPINION

Addressed to:     Lessee  
                     Lessor  
                     Escrow Agent

Re:     Lease with Option to Purchase Agreement dated August 1,  
         1992 by and between Juran & Moody Capital Corporation  
         (Lessor) and Lincoln County, Nevada (Lessee)

We have acted as counsel to Lincoln County, Nevada with respect to the Lease with Option to Purchase Agreement described above (the Lease) in various related matters. In this capacity we have reviewed a duplicate original of the Lease and various other documents, including a Ground Lease Agreement dated as of August 1, 1992 (the Ground Lease), between Lessor and Lessee and an Escrow Agreement dated as of August 1, 1992 (the Escrow Agreement), between Lessor, Lessee and \_\_\_\_\_, as Escrow Agent. Based upon our examination these and such other documents that we deem relevant, it is our opinion that:

1. Lessee is a political subdivision of the State of Nevada (the State), duly organized, existing and operating under the Constitution and laws of the State.
2. Lessee is authorized and has power under State law to enter into the Lease, the Ground Lease, and Escrow Agreement and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Lease, the Ground Lease, and the Escrow Agreement have been duly authorized, approved, executed and delivered by and on behalf of Lessee, and the Lease, the Ground Lease, and the Escrow Agreement are valid and binding contracts of Lessee enforceable in accordance with their terms except to the extent such enforceability is limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights.

4. The authorization, approval and execution of the Lease, the Ground Lease and the Escrow Agreement and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting, public bidding, and other applicable laws, rules and regulations of the State.

5. Execution of the Lease and the appropriation of monies to pay the Rental Payments coming due thereunder does not result in the violation of any constitutional, statutory or other limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

6. There is no litigation, action, suit or proceeding pending, or to the best of our knowledge, threatened before any court, administrative agency, arbitrator or governmental body that challenges the organization or existence of Lessee; the authority of its officers; proper authorization, approval and execution of the Lease, Ground Lease and Escrow Agreement and other documents contemplated; the appropriation of monies to make Rental Payments under the Lease for Lessee's current Fiscal Year; or the ability of Lessee otherwise to perform its obligations under the Lease, the Ground Lease, and the Escrow Agreement and the transactions contemplated thereby.

Dated: \_\_\_\_\_

# **APPENDIX D**

## **SPECIAL COUNSEL OPINION**

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**DORSEY & WHITNEY**

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

2200 FIRST BANK PLACE EAST  
MINNEAPOLIS, MINNESOTA 55402

(612) 340-2600

TELEX 29-0605

TELECOPIER (612) 340-2868

Juran & Moody Capital Corporation  
400 North Robert Street  
Saint Paul, Minnesota 55101

Re: Lease Purchase Agreement dated as of  
by and between Juran & Moody Capital Corporation (Lessor)  
and the State of Minnesota acting by and through its

Gentlemen:

We have acted as special counsel to you with respect to the Lease described above. In that capacity we have reviewed copies of the Lease, the Exhibits thereto, an Assignment and Declaration of Paying Agent Agreement dated as of (the Assignment and Declaration), between Lessor and American National Bank and Trust Company, St. Paul, Minnesota, as paying agent (Paying Agent), including the form of certificate of participation attached thereto, and an Arbitrage and Tax Certificate of Lessee dated as of We have also examined and relied upon the legal opinion of counsel to Lessee, dated as of the date hereof, relating to Lessee, the Lease and related matters.

The Lease provides that it will be in effect for a term commencing as provided therein and ending on unless terminated earlier in accordance with its terms. Under the Lease Lessor is leasing the equipment described on Lease Exhibit A (the Equipment) to Lessee, and Lessee has undertaken to pay to Lessor rental payments (Rental Payments) aggregating comprising principal payments of and interest on deferred principal payments of The Rental Payments are payable at the times and in the amounts as set forth on Exhibit B to the Lease. The Rental Payments are payable exclusively from moneys to be legally appropriated and provided therefor by Lessee. In the sole event that moneys are not so appropriated and provided, Lessee may, by written notice to Lessor, discontinue the Lease at the end of any fiscal year of Lessee (July 1 through June 30) then in effect. If Lessee discontinues the Lease at the end of any such fiscal year in the manner provided therein, the Lease is terminated without penalty or liability on the part of Lessee to pay any Rental Payments coming due after such fiscal year then in effect, but in such event Lessee has the obligation to surrender the Equipment to Lessor at the time and in the manner provided in the Lease. In the event Lessee does not discontinue the Lease and pays all Rental

DORSEY & WHITNEY

Juran & Moody Capital Corporation  
Page two

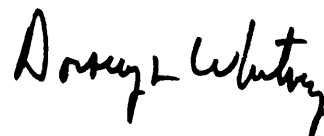
Payments due in accordance therewith, the rights of Lessor in the Equipment are terminated. Lessee has an option to purchase Lessor's interest in the Equipment without penalty on certain Payment Dates for the Purchase Option Prices as specified on Exhibit B to the Lease. Under the Assignment and Declaration, Paying Agent is authorized under certain circumstances to authenticate and issue certificates of participation (the Certificates) evidencing the right of the registered owner of each Certificate to receive the portion of Rental Payments to be paid by Lessee under the Lease as specified in such Certificate.

From our examination of such documents and in reliance on the legal opinion described above, assuming the genuineness of the signatures thereon and the accuracy of the facts and conclusions stated therein without undertaking to verify the same by independent investigation, and based upon existing law, it is our opinion that the amount of each Rental Payment designated as and comprising interest as set forth on Exhibit B to the Lease, received by the registered owners of the Certificates, is not includable in gross income of such recipients for federal income tax purposes. The interest portion of each Rental Payment is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers, but is includable in adjusted current earnings of corporations for purposes of the federal corporate alternative minimum tax. The opinions set forth herein are subject to the condition that Lessee comply with all requirements Internal Revenue Code of 1986, as amended (the Code), that must be satisfied subsequent to the date of issuance of the Certificates in order that such interest portion of the Rental Payments received by the registered owners of the Certificates be, or continue to be, excludable from gross income of such recipients for federal income tax purposes. Failure of Lessee so to comply with these requirements may result in inclusion of such interest portion in gross income of the registered owners of the Certificates for federal income tax purposes, retroactive to the date of issuance of the Certificates. We express no opinion regarding other tax consequences arising with respect to the Lease, the Rental Payments or the Certificates.

We express no opinion as to compliance with state or federal securities laws and regulations applicable to disposition of rights under the Lease to any investor.

Dated

Very truly yours,

A handwritten signature in black ink, appearing to read "Dorsey & Whitney", written in a cursive style.



