

A RESOLUTION OF THE URBAN RENEWAL)
 AGENCY OF THE CITY OF LEBANON,)
 OREGON IN THE MATTER OF PROVIDING)
 FOR THE ISSUANCE OF URBAN RENEWAL)
 BONDS AND OTHER OBLIGATIONS)
 FROM THE TAX INCREMENT REVENUES)
 OF THE LEBANON URBAN RENEWAL AREA)

RESOLUTION NO. 14
 for 1999

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Section 1. Definitions

A. As used in this Master Resolution, the following words shall have the following meanings and, in addition:

"Act" shall mean Chapter 457 of the Oregon Revised Statutes.

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Obligations, an amount equal to:

(a) the principal amount of such Capital Appreciation Obligations (the issue price at the date of issuance), plus

(b) the interest accrued on such Capital Appreciation Obligations from the date of original issuance of such Capital Appreciation Obligations to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at an approximate rate per annum of the Capital Appreciation Obligations, set forth in the Supplemental Resolution providing for the issuance of such Capital Appreciation Obligations, compounded at such intervals as shall be specified in such Supplemental Resolution, plus

(c) with respect to matters related to the payment upon redemption of such Capital Appreciation Obligations, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of the original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

A table of Accreted Values for each Series of Bonds issued as Capital Appreciation Obligations shall be incorporated in the final disclosure document relating to such Capital Appreciation Obligations.

"Additional Bonds" means Bonds other than the 1999 Bonds issued pursuant to Section 10 of this Master Resolution and any Supplemental Resolution, which Additional Bonds shall be secured on an equal and ratable (pari passu) basis with the 1999 Bonds with respect to the lien on the Security. Additional Bonds may also be issued to advance refund or to currently refund Outstanding Bonds.

"Agency" means the Urban Renewal Agency of the City of Lebanon, Oregon.

"Alternate Credit Facility" means any standby letter of credit, bond insurance policy, surety bond, bank bond purchase agreement or other similar Credit Facility provided pursuant to a Supplemental Resolution supporting payment of principal, interest and purchase price of one or more Series of the Bonds and taking effect prior to the original stated expiration date of the then current letter of credit or Credit Facility.

"Annual Debt Service" shall mean the amount required to be paid in the then current or any succeeding Fiscal Year in respect of the principal and/or interest on any Bonds Outstanding; provided that:

- (a) there shall be credited against such sum any interest capitalized or otherwise payable from proceeds derived from the sale of such Bonds or other obligations to the extent that this Master Resolution, Supplemental Resolution or other act of the Agency authorizing the issuance of such Bonds or Subordinate Obligations designates that the proceeds of such Bonds or Subordinate Obligations shall be applied to the payment of such interest;
- (b) the amount of Term Obligations subject to mandatory redemption in any Fiscal Year pursuant to a Mandatory Redemption Schedule shall be deemed to mature in the Fiscal Year in which such Term Obligations are subject to such mandatory redemption and only the principal amount of such Term Obligations scheduled to remain Outstanding on the final maturity date thereof shall be included in determining the Annual Debt Service for Bonds in the Fiscal Year in which such maturity date occurs;
- (c) for purposes of determining Annual Debt Service for the Outstanding Bonds which constitute Option Obligations, any such Option Obligations Outstanding at the time of such determination shall be assumed to mature on their stated dates of maturity; provided that if such Option Obligations are subject, without contingency, to scheduled mandatory redemption on specific determinable dates and in specific amounts, then such Option Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption;
- (d) for purposes of computing Annual Debt Service on Outstanding Bonds which constitute Capital Appreciation Obligations, only that portion of the Accreted Value becoming due at maturity or by virtue of scheduled mandatory redemption prior to maturity with respect to such Bonds shall be included in the calculations of accrued and unpaid interest and principal requirements; and
- (e) for purposes of determining the Reserve Requirement and for purposes of the collection covenant contained in Section 9 hereof and the certificate required by Section 10A(4)(a) or 10A(4)(b) of this Master Resolution, Annual Debt Service or Maximum Annual Debt Service shall be computed by assuming that Variable Rate Obligations shall be deemed to bear interest at all times to maturity thereof at the Estimated Average Interest Rate applicable thereto and if such Variable Rate Obligations are subject, without contingency, to scheduled mandatory redemption on specific or determinable dates and in specific amounts, then such Variable Rate Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption.

"Area" means the Lebanon Urban Renewal Area which is described in the Plan.

"Audit" means the audit required by ORS 297.425,

"Auditor" means a person designated by the Agency and authorized by the State Board of

Accountancy to conduct municipal audits pursuant to ORS 297.670.

"Authorized Representative" means, each individually, the City Administrator, Finance Director or their designee.

"Available Tax Increment Revenues" means the largest amount of Tax Increment Revenues which the Agency is entitled to receive during a Fiscal Year.

"Base Period" means twelve consecutive months preceding the delivery of a Series of Bonds proposed to be issued.

"Bond Counsel" means Mersereau & Shannon, LLP or any other law firm appointed as bond counsel to the Agency and having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Purchaser" means the purchaser of a series of Bonds issued pursuant to this Master Resolution or a Supplemental Resolution.

"Bond Registrar" or "Registrar" means the paying agent and registrar designated by the Agency.

"Bonds" or "Bond" means the 1999 Bonds and any Additional Bonds issued pursuant to this Master Resolution or a Supplemental Resolution with an equal and ratable lien on the Security.

"Bondowner" or "Owner" means a registered owner of a Bond.

"Bondowners Committee" means that committee as provided in Section 13B hereof.

"Book-Entry Only System" means a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed and which shall not be a day on which the New York Stock Exchange is closed.

"Capital Appreciation Obligations" shall mean those Bonds for which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity or earlier redemption thereof, all as so designated in a Supplemental Resolution of the Agency providing for the issuance thereof, including any Bonds which accrue and compound interest thereon as aforesaid for a period of time, after which periods such Bonds commence having interest on a periodic basis and convert into Current Interest Obligations.

"Certificate of Agency" or "Agency Certificate" means a certificate executed on behalf of the Agency by the Authorized Representative.

"City" means the City of Lebanon, Oregon.

"Code" means the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated hereunder and amendments thereto.

"Construction Account" means the Lebanon URA Construction Account created and established pursuant to Section 7 of this Master Resolution.

"Credit Agreement" shall mean an agreement with a Credit Provider pursuant to which a Credit Facility is issued or given as security for all or a portion of a particular Series of Bonds or an agreement with an insurer, or other guarantor pursuant to which a Credit Facility is given as security for the Agency's obligations under the Bonds.

"Credit Facility" shall mean a letter of credit, a municipal bond insurance policy, a surety bond, standby bond purchase agreement or other credit enhancement device given, issued or posted as security for one or more Series of Bonds, including any Alternate Credit Facility and any Reserve Credit Facility.

"Credit Provider" shall mean the person or entity, if any, providing a Credit Facility as security for a Series of Bonds.

"Current Interest Obligations" shall mean those Bonds which bear interest payable periodically on specified or determinable dates prior to the maturity or redemption dates thereto, including any Capital Appreciation Obligations from and after the date upon which interest becomes payable on a periodic basis prior to the maturity thereof, all as so designated in a Supplemental Resolution providing for the issuance or incurrence of such Bonds, and which may be either Serial or Term Obligations including Variable Rate Obligations and Option Obligations.

"Debt Service Account" means the Lebanon URA Bonds Account created and established pursuant to Section 7 of this Master Resolution.

"Default" or "Event of Default" means any event specified in Section 13 of this Master Resolution.

"Defeasance Obligations" means cash or non-callable, non-prepayable investments described in paragraph (a) of the definition of Permitted Investments in Section 1 of this Master Resolution.

"Depository" or "DTC" means The Depository Trust Company or any other qualified securities depository designated by the Agency as its successor.

"Estimated Average Interest Rate" shall mean:

(a) for the purpose of the Collection Covenant and for purposes of calculating Annual Debt Service for the Certificate required by Section 10A(4)(a) of this Master Resolution:

(i) for any Outstanding Bonds during any period in which such Bonds are Variable Rate Obligations:

(1) to the extent such Variable Rate Obligations have been outstanding for a period of 12 months or more, the weighted average rate of interest applicable to such Bonds during the immediately preceding 12-month period; or

(2) to the extent such Variable Rate Obligations have not been Outstanding for a period of 12 months or more, the higher of:

(i) the most current actual interest rate on such Variable Rate Obligations; or

(ii) 100% of the most recently published interest rate for municipal bonds with similar terms and credit ratings published in *The Bond Buyer*, and

(b) for the purposes of calculating Annual Debt Service for the certificate required by Section 10A(4)(b) of this Master Resolution:

(i) for any Outstanding Bonds during any period in which such Bonds are Variable Rate Obligations:

(1) the most current actual interest rate on such Variable Rate Obligations; or

(2) 100% of the most recently published interest rate for fixed rate municipal bonds with similar terms and credit ratings published in *The Bond Buyer*.

(ii) for any Bonds which have been authorized or incurred but have not yet been issued or incurred, 100% of the most recently published interest rate for municipal bonds with similar terms and credit ratings published in *The Bond Buyer*.

"Finance Director" means the Finance Director of the City acting on behalf of the Agency, or his or her duly authorized designee.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by State Law.

"General Obligation Bonds" means Bonds which are secured by the unlimited taxing authority of the City.

"General Obligation Debt Service Account" means the Lebanon URA Debt Service GO Bonds Account" created and established pursuant to Section 7 of this Master Resolution.

"Interest Payment Date" shall mean with respect to a particular Series of Bonds, any date upon which interest on and/or principal of such Series is due and payable in accordance with the terms thereof, whether at maturity or upon redemption or prepayment prior to maturity.

"Mandatory Redemption Schedule" shall mean with respect to a particular Series of Bonds, the schedule pursuant to which the principal portions thereof howsoever designated are subject, without contingency, to mandatory redemption or prepayment prior to maturity, all as set forth in this Master Resolution with respect to the 1999 Bonds and in the Supplemental Resolution pursuant to which Additional Bonds are issued.

"Master Resolution" means this Master Resolution No. _____ for 1999 adopted on May 26, 1999.

"Maximum Annual Debt Service" means the greatest Annual Debt Service, calculated on all Bonds which are Outstanding on the date of the calculation.

"Minimum Authorized Denomination" shall mean with respect to a particular Bond, the minimum denomination in which such Bond is permitted to be issued as set forth in this Master Resolution or in the Supplemental Resolution authorizing the issuance of such Bond.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

"1999 Bonds" means the Series of Bonds initially authorized pursuant to Section 2A of this Master Resolution.

"Operations Account" means the Lebanon Urban Renewal District Operations Account created and established pursuant to Section 7 of this Master Resolution.

"Opinion of Bond Counsel" means an opinion in writing of Bond Counsel addressed to the Agency to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and the Master Resolution and any Supplemental Resolution or other such action will not adversely affect the validity of the Bonds under the laws of the state or the exclusion from gross income for federal income tax purposes of interest on the Bonds to the extent such Bonds were issued as Tax-Exempt Obligations.

"Option Obligations" shall mean, with respect to a particular Series of Bonds, Bonds which by their terms may be tendered by and at the option of the Owner for purchase prior to the stated maturity thereof.

"ORS" means the Oregon Revised Statutes.

"Outstanding Bonds" or "Outstanding" means all Bonds authorized and delivered pursuant to this Master Resolution and any Supplemental Resolution except Bonds theretofore canceled or defeased pursuant to Section 16 of this Master Resolution.

"Paying Agent" means any bank or trust company so designated, and its successor or successors hereafter appointed, as paying agent for the Bonds.

"Permitted Investments" means the following to the extent the same are legal for investments of funds of the Agency:

(a) any bonds or other obligations for which principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States;

(b) obligations of the:

Export-Import Bank of the United States,
Government National Mortgage Association,
Federal National Mortgage Association,
Federal Financing Bank,
Farmers Home Administration,
Federal Housing Administration,
Private Export Funding Corporation,
Federal Home Loan Bank. and
Federal Home Loan Mortgage Bank,

or any agency or instrumentality of the Federal Government which shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;

(c) legally issued direct and general obligations of the states of Oregon, Washington, Idaho or California, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided, that at the time of their purchase, such obligations are rated in one of the two highest rating categories by both Moody's and S&P, or in the event each of such rating agencies rates such obligations by each of them;

(d) certificates of deposit, whether negotiable or non-negotiable, issued by any bank, savings and loan association, or trust company which maintain a head office or branch in the State, provided that such certificates of deposit shall be

(i) continuously and fully insured by the Federal Deposit Insurance Corporation, or

(ii) continuously and fully secured by such securities as are described above in clauses (a) or (b), which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or

(iii) certificates of deposit with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1 " or "A-1+ " by S&P and P-1" by Moody's;

(e) any written repurchase agreement with any bank, savings institution or

trust company which is insured by the Federal Deposit Insurance Corporation, or with any brokerage dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by direct obligations of the United States of America or of federal agencies as set forth in clause (b) above, and provided further that

(i) such collateral is held by the Agency or its agent or trustee during the term of such repurchase agreement,

(ii) such collateral is not subject to liens or claims of third parties,

(iii) such collateral has a market value (determined at least once weekly at least equal to 100% of the amount invested in the repurchase agreement,

(iv) the Agency or its agent or trustee has a perfected first security interest in the collateral,

(v) the failure to maintain such collateral at the level required in (iii) above will require the Agency or its agent or trustee to liquidate the collateral;

(f) banker's acceptances with commercial banks that have a rating on their short-term certificates of deposit on the date of purchase of "A-1 or "A-1+" by S&P or "P-1" by Moody's, or in the event each of such rating agencies rates such obligations, by each of them, and that mature no more than 360 days after the date of purchase; or

(g) investments in either (i) the state investment fund established pursuant to ORS 293.701(q), the Local Government Investment Pool provided under ORS 294.805 to 294.895, or the investment pool authorized by ORS 293.822 to 293.874.

"Plan" means the Lebanon Urban Renewal Plan of the Agency.

"Principal Payment Date" means any date on which any Bonds are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund or account redemption prior to maturity.

"Project" means any capital projects authorized by the Plan which may be lawfully financed with the proceeds of the Bonds.

"Qualified Consultant" means an independent engineer, an independent auditor, or an independent financial advisor, or similar independent professional consultant having experience and expertise in the area for which such person or firm is retained by the Agency for purposes of performing activities specified in this Master Resolution or any Supplemental Resolution.

"Qualified Insurance" means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such

insurance companies (which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the three highest Rating Categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims-paying ability or (ii) by issuing its policies causes obligations insured thereby to be rated in one of the three highest Rating Categories.

"Rating Agency" shall mean:

(a) with respect to any Bonds which, at the request of the Agency, are then rated by S&P, "S&P;"

(b) with respect to any Bond which, at the request of the Agency, are then rated by Moody's, "Moody's;"

(c) with respect to any Bonds which, at the request of the Agency, are then rated by Fitch, "Fitch;" and

(d) with respect to any Bonds rated which, at the request of the Agency are then rated by any other financial rating service, such financial rating service; provided that when used with respect to a Reserve Credit Facility, the term "Rating Agency" shall mean S&P, Moody's, Fitch or any other nationally recognized financial rating agency, including but not limited to such agencies that rate the claims-paying ability of insurance companies.

"Rebate Account" means any rebate account which may be established pursuant to Section 7 hereof to comply With the Tax Covenants.

"Record Date" shall mean

(a) with respect to the 1999 Bonds, the date which is the fifteenth (15th) day of the month preceding the month in which each Interest Payment Date occurs, whether or not a Business Day, and

(b) with respect to a particular Series of Bonds, such date or dates established by the Supplemental Resolution pursuant to which such Series of Bonds is issued.

"Redemption" shall mean any mandatory or optional redemption or prepayment of any Bond.

"Redemption Price" shall mean, with respect to any Bond, the amount payable upon the redemption or prepayment thereof prior to maturity, including the principal of, premium (if any) and accrued or accreted interest thereon.

"Refunded Bonds" means any Series of Bonds designated to be refunded in a Supplemental Resolution.

"Remarketing Agent" shall mean with respect to a particular Series of Bonds, the person

or entity designated to act in such capacity with respect to such Series of Bonds pursuant to the Supplemental Resolution under which such Bonds are issued.

"Reserve Account" means the Lebanon URA Debt Service Reserve Account created and established pursuant to Section 7 of this Master Resolution.

"Reserve Credit Facility" means a Credit Facility deposited in the Reserve Account.

"Reserve Requirement" means an amount equal to the lesser of Maximum Annual Debt Service on all Outstanding Bonds or the amount described in the next sentence. If at the time of issuance of a Series of Additional Bonds, the amounts required to be added to the Reserve Account to make the balance in the Reserve Account equal to the Maximum Annual Debt Service on all Outstanding Additional Bonds exceeds the Tax Maximum calculated for that Series of Additional Bonds, then the Reserve Requirement shall mean the Reserve Requirement in effect immediately prior to the issuance of that Series of Additional Bonds, plus the Tax Maximum for that Series of Additional Bonds.

"S&P" means Standard & Poor's Ratings Service , its successors and their assigns.

"Security" shall mean the revenues, funds and any Credit Facility set forth in Section 2.E.

"Serial Obligations" means, with respect to a particular Series of Bonds, the portions of such Series which shall be stated to mature or become due and payable serially in annual installments but not including Term Obligations.

"Series" or "Series of Bonds" means all of the Bonds issued, authenticated and delivered pursuant to this Master Resolution or a Supplemental Resolution and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Resolution or such Supplemental Resolution regardless of variations in maturity, interest rate or other provisions.

"Series 1998 Note" means the Agency's Financing Agreement and Note, Series 1998 issued on June 26, 1998 in the original principal amount of \$1,215,000.

"Settlement Date" means the last Business Day of each week for weekly Variable Rate Obligations.

"State" shall mean the State of Oregon.

"Subordinate Obligations" means any bonds or other obligations of the Agency which are secured by and payable from the Security on a subordinate basis in relation to the Bonds.

"Subordinate Obligations Account" means the Lebanon URA Short Term Debt Account created and established pursuant to Section 7 of this Master Resolution.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of this Master Resolution, entered into by the Agency in accordance with this Master Resolution.

"Tax Covenants" shall mean with respect to Tax-Exempt Obligations the covenants of the Agency to comply with the Code to ensure the initial and continued exclusion from gross income for federal income tax purposes of the interest on such Bonds.

"Tax-Exempt Obligation" shall mean any Bond, the interest on which is excluded from gross income for federal income tax purposes.

"Tax Increment Fund" means the Lebanon Urban Renewal Fund established under ORS 457.440(3) and Section 7 hereof to hold the Tax Increment Revenues which is designated in the Agency's financial statements as the Lebanon URA Tax Increment Fund.

"Tax Increment Revenues" means all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Chapter 457, all taxes levied in connection with the Plan pursuant to Article XI, Section 11(16) of the Oregon Constitution and Chapter 457, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

"Tax Maximum" means, for each Series of Additional Bonds, the lesser of: Maximum Annual Debt Service on that Series; 125% of average amount of principal, interest and premium, if any, required to be paid on that Series during all Fiscal Years in which that Series will be Outstanding, calculated as of the date of issuance of that Series; or ten percent of the proceeds of such Series, as "proceeds" is defined for purposes of Section 148(d) of the Code.

"Taxable Obligation" shall mean any Bond, the interest on which is included in gross income for federal income tax purposes.

"Term Obligations" shall mean the portion of a Series of Bonds which shall be slated to mature on one date and which are subject to scheduled mandatory redemption prior to maturity pursuant to a Mandatory Redemption Schedule.

"Underwriter" means Seattle-Northwest Securities Corporation, Portland, Oregon or any other underwriter designated by the Agency.

"Variable Rate Obligations" shall mean any Bonds, which may be either Serial Obligations, Term Obligations, Capital Appreciation Obligations or Option Obligations, issued with a variable, adjustable, convertible, or other similar interest rate which is not fixed for the entire term thereof at the date of issue or is not, as of the date of issuance, determinable by percentage through maturity.

Section 2. The Series 1999 Bonds

A. Pursuant to the Act, and to provide sufficient funds for the capital costs of the Project, the Agency hereby authorizes and directs the issuance of the City of Lebanon Urban Renewal Agency, Linn County, Oregon Urban Renewal Bonds (Lebanon Urban Renewal Area), Series 1999 (the "1999 Bonds"). The aggregate principal amount of the 1999 Bonds shall not exceed Three Million Five Hundred Twenty Thousand Dollars (\$3,520,000) and the true interest cost shall not exceed seven percent (7%). The 1999 Bonds shall be sold at a private negotiated

sale.

B. The proceeds of the 1999 Bonds will be used for the following purposes:

- (1) To currently refund the Series 1998 Note;
- (2) To fund the Projects; and
- (3) To fund the Reserve Account for the 1999 Bonds and to pay costs of issuance of the 1999 Bonds.

C. The Bonds may be issued in one or more Series, in such form and in such maturities, bearing interest at such rates, with or without Qualified Insurance and with such captions or designations and subject to such redemption and to other terms and conditions as stated in this Section 2 for the 1999 Bonds and in a Supplemental Resolution for any Additional Bonds.

D. Principal and interest on the 1999 Bonds shall be payable through the principal corporate trust office of the Bond Registrar. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The 1999 Bonds shall be revenue obligations of the Agency and shall be payable solely from the Security as provided by this Master Resolution.

E. As security for the payment of the principal, interest and premium (if any) on all Outstanding Bonds, the Agency hereby pledges to the Registered Owners of the Bonds a first lien on and security interest in the Agency's right, title and interest in the following:

- (i) the Tax Increment Revenues;
- (ii) the moneys and investments (including investment earnings thereon) on deposit in the Tax Increment Fund and the Reserve Account, including without limitation the Agency's right, title and interest in any Reserve Credit Facility (and any moneys drawn or paid thereunder) given with respect to meeting the Reserve Requirement on a particular Series of Bonds;
- (iii) any Credit Facility other than a Reserve Credit Facility given as security for the payment of any amounts owing on any Bonds (and any moneys drawn or paid thereunder); provided that such Credit Facility secures only those Bonds for which it was given; and
- (iv) such other properties and assets as may be hereafter pledged to the payment of Bonds pursuant to any Supplemental Resolution or which may be delivered, pledged, mortgaged or assigned by any person as security for Bonds.

The foregoing is referred to herein as the "Security."

F. The 1999 Bonds shall be in Minimum Authorized Denominations of \$5,000.

G. The Agency authorizes the Authorized Representative to determine and designate the dated date, the interest rates, the maturity dates, the principal serial maturities, term bond maturity or maturities, with or without premium, the optional redemption dates and premiums, if any, the interest payment dates, underwriter's discount at not greater than two percent (2.0%) of the face amount of the Bonds, original issue discount or premium, if any, available Credit Facility, if any, and to determine such other provisions as are deemed necessary and desirable for the sale and issuance of the 1999 Bonds. The Authorized Representative is authorized to execute and deliver to appropriate parties all documents necessary and proper for sale and closing of the 1999 Bond issue, including without limitation, authorizing distribution of the preliminary official statement and execution of the final official statement, together with:

- (a) establish the maturity and interest payment dates, principal amounts, optional and/or mandatory redemption provisions, interest rates, and denominations and all other terms for the 1999 Bonds including the final form of the 1999 Bonds;
- (b) negotiate the terms under which the Bonds shall be sold, to enter into a Bond Purchase Agreement for sale of the 1999 Bonds, and to execute and deliver that Bond Purchase Agreement;
- (c) approve and authorize the preparation and distribution of preliminary and final official statements for the Bonds;
- (d) obtain a rating on the Bonds, if available and to the benefit of the Agency;
- (e) contract with an expert advisor for purposes of evaluating the terms of the negotiated sale, and to receive prior to the sale of the 1999 Bonds, an evaluation of the Bond sale;
- (f) determine whether the 1999 Bonds shall be book-entry certificates and to take such actions as are necessary to qualify the 1999 Bonds for the Book-Entry-Only-System of DTC;
- (g) contract for municipal bond insurance for the Bonds and execute and deliver into any agreements required by the provider of such insurance, if such Authorized Representative determines such use is in the best interests of the Agency, and expend Bond proceeds to pay any bond insurance premium;
- (h) approve, execute and deliver the 1999 Bond closing agreements, documents and certificates including without limitation any escrow deposit agreement necessary in connection with the refunding or defeasance of the Series 1998 Note and to approve any actions or notices necessary to redeem or defease the Series 1998 Note;
- (i) enter into covenants regarding the use of the proceeds of the 1999 Bonds and the Project financed with the proceeds of the Bonds, to maintain the tax-exempt status of the 1999 Bonds; and
- (j) execute and deliver a certificate specifying the action taken pursuant to

this paragraph, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the 1999 Bonds in accordance with this Master Resolution.

Section 3. Book-Entry Only System

A. The 1999 Bonds shall be initially issued as a book-entry only security issue with no 1999 Bonds being made available to the Bondowner upon the execution and delivery of the Letter of Representations between The Depository Trust Company and the Agency to be executed and delivered by the Authorized Representative.

Ownership of the 1999 Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on The Depository Trust Company Book-Entry-Only System. The 1999 Bonds shall be initially issued in the form of separate single fully registered typewritten Bonds for each maturity of the 1999 Bonds (the "Global Bonds").

Each Global Bond shall be registered in the name of CEDE & CO. as nominee (the "Nominee") of The Depository Trust Company ("DTC") (DTC and any other qualified securities depository designated by the Agency as a successor to DTC, collectively the "Depository") as the "Registered Owner," and such Global Bonds shall be lodged with the Depository until early redemption or maturity of the Bond issue. The Bond Registrar shall remit payment for the maturing principal and interest on the 1999 Bonds to the Bondowner for distribution by the Nominee for the benefit of the owners (the "Beneficial Owner" or "Record Owner") by recorded entry on the books of the Depository participants and correspondents. While the 1999 Bonds are in book-entry-only form, the 1999 Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

B. In the event:

(1) the Depository determines not to continue to act as securities depository for the 1999 Bonds, or

(2) the Agency determines that the Depository shall no longer so act, then the Agency will discontinue the book-entry-only system with the Depository, If the Agency fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only system, the 1999 Bonds shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Bond Registrar in the name of the Bondowner as appearing on the Bond register and thereafter in the name or names of the Bondowners of the 1999 Bonds transferring or exchanging 1999 Bonds.

C. With respect to 1999 Bonds registered in the registration books maintained by the Bond Registrar in the name of the Nominee of the Depository, the Agency and the Bond Registrar shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Registered Owner on behalf of which such participants or correspondents act as agent for the Bondowner with respect to:

- (1) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the 1999 Bonds;
- (2) the delivery to any participant or correspondent or any other person, other than an Bondowner as shown in the registration books maintained by the Bond Registrar, of any notice with respect to the 1999 Bonds, including any notice of prepayment;
- (3) the selection by the Depository of the beneficial interest in 1999 Bonds to be redeemed prior to maturity; or
- (4) the payment to any participant, correspondent, or any other person other than the Bondowner of the 1999 Bonds as shown in the registration books maintained by the Bond Registrar, of by amount with respect to principal of or interest on the 1999 Bonds.

D. Notwithstanding the Book-Entry-Only System, the Agency may treat and consider the Beneficial Owner in whose name each Bond is registered in the registration books maintained by the Bond Registrar as the Bondowner and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, or for the purpose of giving notices of redemption and other matters with respect to such Bond, or for the purpose of registering transfers with respect to such Bond, or for all other purposes whatsoever. The Agency shall pay or cause to be paid all principal and interest on the 1999 Bonds only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Bond Registrar, or their respective attorneys duty authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligation with respect to payment thereof to the extent of the sum or sums so paid.

E. Upon delivery by the Depository to the Agency and to the Bondowner of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Master Resolution shall refer to such new nominee of the Depository, and upon receipt of such notice, the Agency shall promptly deliver a copy thereof to the Bond Registrar. The Depository shall tender the 1999 Bonds it holds to the Bond Registrar for re-registration.

Section 4. Redemption of 1999 Bonds

A. Optional. The 1999 Bonds will be subject to redemption prior to maturity at the option of the Agency in whole or in part on any date on the terms, at the price and on the dates specified by the Authorized Representative.

B. Mandatory Redemption Schedule. The 1999 Bonds shall be subject to mandatory redemption to the extent and in the manner designated by the Authorized Representative. On or before the 30th day prior to any sinking fund payment date specified in the Mandatory Redemption Schedule, if any, the Registrar shall

- (1) select for redemption (by lot from the 1999 Bonds in such manner as the Registrar may determine), from all Term Obligations Outstanding of such Series that are subject to Mandatory Redemption on such date, an aggregate principal amount of such

Term Obligations equal to the amount specified in the Mandatory Redemption Schedule,

(2) call such Term Obligations or portions thereof of such series (in denominations of \$5,000 or any integral multiple thereof) for redemption from the Redemption Account on such sinking fund payment date, and,

(3) give notice of such call.

At the option of the Agency, to be exercised by delivery of a written certificate signed by the Authorized Representative to the Registrar on or before the 60th day next preceding any sinking fund payment date, it may:

(a) deliver to the Registrar for cancellation Term Bonds of such series or portions thereof (in denominations of \$5,000 or any integral multiple thereof) in any aggregate principal amount desired by the Agency,

(b) specify a principal amount of Term Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) of such series which prior to said date have been purchased or redeemed (otherwise than through the operation of the Mandatory Redemption Schedule) and canceled by the Registrar at the request of the Agency and not theretofore applied as a credit against any sinking fund payment. Any such Term Obligations so purchased shall be thereupon canceled by the Registrar. Each such Term Obligation or portion thereof so purchased, delivered or previously redeemed shall be credited by the Registrar at one hundred percent (100%) of the principal amount thereof against the obligation of the Agency on such sinking fund payment date. Any excess shall be credited against such future sinking fund payments as the Authorized Representative shall direct. In the event the Agency shall avail itself of the provisions of clause (a) of this Section, the certificate required by clauses (a) and (b) of this Section 4B shall be accompanied by the Term Obligations or portions thereof to be canceled.

C. Notice of Redemption (Depository). So long as the Book-Entry-Only-System remains in effect with respect to the 1999 Bonds, the Agency shall notify the Registrar of any early redemption not less than 40 days prior to the date fixed for redemption, the Registrar shall notify the Depository of any early redemption not less than 30 but no more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the letter of representations submitted to DTC in connection with the issuance of the 1999 Bonds.

D. Notice of Redemption (No Depository). During any period in which the Book Entry-Only System is not in effect with respect to the 1999 Bonds, unless waived by any Owner of the 1999 Bonds to be redeemed, official notice of any redemption of 1999 Bonds shall be given by the Registrar on behalf of the Agency by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 1999 Bond or Bonds to be redeemed at the address shown on the 1999 Bond register or at such other address as is furnished in writing by such owner to the Registrar. The Agency shall notify the Registrar of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated

and shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all Outstanding 1999 Bonds are to be redeemed, the identification, and, in the case of partial redemption, the respective principal amounts of the 1999 Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such 1999 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such 1999 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and
- (6) the assigned CUSIP numbers.

E. Deposit of Funds. The Agency shall deposit with the Registrar, on or before the redemption date, an amount of money sufficient to pay the redemption price of all of the 1999 Bonds or portions of 1999 Bonds which are to be redeemed on that date.

F. Effect of Redemption. Official notice of redemption having been given as aforesaid, the 1999 Bonds or portions of 1999 Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Agency shall default in the payment of the redemption price) such 1999 Bonds or portions of 1999 Bonds shall cease to bear interest. Upon surrender of such 1999 Bonds for redemption in accordance with said notice, such 1999 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any 1999 Bond, there shall be prepared for the registered owner a new 1999 Bond or Bonds of the same maturity in the amount of the unpaid principal. All 1999 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. Notwithstanding that any 1999 Bonds called for redemption shall not have been surrendered for payment, no further interest shall accrue on any such 1999 Bonds. From and after such notice having been given and such deposit having been made, the 1999 Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Agency shall be under no further liability in respect thereof.

G. Additional Bonds. Additional Bonds hereafter issued pursuant to Section 10 of this Master Resolution may be subject to redemption as stated in the authorizing Supplemental Resolutions.

Section 5. Authentication, Registration, Exchange and Transfer

A. The provisions of this Section 5 apply only if any series of the Bonds ceases to be a book-entry only issue.

B. No Bond shall be entitled to any right or benefit under this Master Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all Bonds to be delivered at closing, and shall additionally authenticate all Bonds property surrendered for exchange or transfer pursuant to this Master Resolution.

C. All Bonds shall be in registered form. The Authorized Representative is authorized to appoint a Registrar for the Bonds. A successor Registrar may be appointed for the Bonds by the Authorized Representative. The Registrar shall provide notice to Bondowners of any change in the Registrar not later than the Bond payment date following the change in Registrar.

D. The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar and Registrar may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.

E. The Registrar shall mail each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Bondowner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed, neither the Agency nor the Registrar shall have any further liability to any party for such payment.

F. Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different authorized denominations, and Bonds may be transferred to other owners if the Bondowner submits the following to the Registrar:

- (1) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and
- (2) the Bonds to be exchanged or transferred.

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

H. The Registrar shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to it during the fifteen-day period preceding the designated redemption date.

I. For purposes of this Section 5, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 5F.

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

Section 6. Disposition of 1999 Bond Proceeds

The 1999 Bond proceeds shall be disbursed as follows:

(1) Interest accrued from the date of the 1999 Bonds until the date of closing shall be placed in the Debt Service Account to pay a portion of the interest due on the 1999 Bonds on the first Interest Payment Date.

(2) Sufficient proceeds of the 1999 Bonds, shall be deposited in the Reserve Account so that the funds therein equal the Reserve Requirement.

(3) Proceeds sufficient to defease and currently refund the Series 1998 Note shall be deposited as provided in the escrow deposit agreement.

(4) The balance of the 1999 Bond proceeds shall be placed in the Construction Account and shall be disbursed only to finance the Project and costs incurred in connection with the issuance of the 1999 Bonds.

A. Monies in the Construction Account may be invested in Permitted Investments. Earnings from investment of the funds in the Construction Account shall be maintained in the Construction Account, and shall be treated and disbursed as 1999 Bond proceeds. Construction Account balances attributable to 1999 Bond proceeds which are not needed for construction may be transferred to the Debt Service Account or be used for any other lawful purpose approved in writing by Bond Counsel.

B. Monies deposited pursuant to the escrow deposit agreement for the Series 1998 Note shall be invested as provided therein.

Section 7. Bond Funds and Accounts

A. The following accounts of the Tax Increment Fund are hereby affirmed, created and established: (1) Operations Account, (2) the Debt Service Account, (3) the General Obligation Debt Service Account, (4) the Subordinate Obligations Account, (5) the Reserve Account, (6) the Construction Account and any subaccounts of such Accounts.

Tax Increment Revenues shall be deposited, as and when received by the Agency, in the Tax Increment Fund and shall be applied in accordance with Section 8 of this Master Resolution.

B. The Operations Account is hereby established for the purpose of receiving and disbursing funds to pay for the operations of the Agency.

- C. The Debt Service Account created by this Master Resolution is for the purpose of paying the principal of, premium, if any, and interest on the Bonds.
- D. The Subordinate Obligations Account is hereby established to pay debt service on Subordinate Obligations.
- E. The General Obligation Debt Service Account is hereby established to pay debt Service on Bonds which are also secured by the unlimited taxing authority of the City.
- F. The Reserve Account shall be administered as follows:

(1) The Agency covenants with the Owners of the Bonds that it will, on July 1 of each year, so long as any Bonds remain Outstanding, determine that the balance in the Reserve Account will at least equal the Reserve Requirement for the 1999 Bonds and any Additional Bonds. If the amount on deposit in the Reserve Account is less than the Reserve Requirement, the deficiency shall be eliminated by payments for such purpose available from the Tax Increment Fund in proportionate monthly amounts so that the Reserve Requirement for the 1999 Bonds and any Additional Bonds is achieved within twelve months from the date of any deficiency. In the event the amount on deposit in the Reserve Account is more than the Reserve Requirement on any date specified in paragraph C(3) of this Section 7, any such excess may be transferred by the Agency to the Tax Increment Fund. In lieu of or in addition to depositing cash or Permitted Investments to the Reserve Account, the Agency may from time to time deposit a Credit Facility to the Reserve Account.

(2) Monies in the Reserve Account may be invested only in Permitted Investments that mature in no more than five years, but no such Permitted Investments shall result in a yield that would violate the provisions of Section 148 of the Code. If Permitted Investments mature later than one year from the date of purchase, then the Agency shall value such Permitted Investments at the lower of cost or market.

(3) If, on any date upon which any amounts of principal of or interest on the Bonds are due and payable, the amounts on deposit in the Debt Service Account when added to moneys drawn or available to be drawn under any Credit Facility (other than a Reserve Credit Facility) for such purpose, are insufficient to pay all amounts of principal of, premium (if any) and interest on the Outstanding Bonds and any Additional Bonds due on such date, then the Agency shall withdraw from the Reserve Account in the order of priority set forth below, an amount equal to such deficiency and apply the amount so withdrawn to the payment of the amounts of principal, premium (if any) and interest due on the Outstanding Bonds and any Additional Bonds on such date.

Withdrawals from the Reserve Account shall be made in the following order of priority:

First, from any cash on deposit in the Reserve Account;

Second, from the liquidation proceeds of any Permitted Investments on deposit in the Reserve Account; and

Third, from moneys drawn or paid under any Credit Facility or pro-rata from moneys drawn or paid under several such Credit Facilities.

(4) The amounts on deposit in the Reserve Account shall be determined by the Agency (a) as of July 1 of each year, (b) as of the date of issuance of any Additional Bonds hereunder, and (c) as of the date of any withdrawal from the Reserve Account.

(5) All amounts on deposit in the Reserve Account which are allocable to a particular Series of Bonds may be applied to the final payment (whether at maturity, by prior Redemption or by means of a defeasance as provided in Section 16 hereof) of Outstanding Bonds of that Series.

(6) Any Resolution authorizing the issuance of Additional Bonds shall require a deposit into the Reserve Account an amount sufficient to make the balance in the Reserve Account at least equal to the Reserve Requirement which deposit may be in the form of cash, Permitted Investments or a Credit Facility.

G. 1999 Bond proceeds shall be deposited to the Construction Account according to Section 6 hereof. Upon the issuance of any Additional Bonds, the Agency shall deposit into the Construction Account (or any subaccount thereof) the amounts required to be deposited therein pursuant to the Supplemental Resolution authorizing the issuance of such Additional Bonds. Amounts on deposit in the Construction Account shall be applied to pay costs of the Project (as defined by this Master Resolution or any Supplemental Resolution). Upon completion of a Project, the balance in the particular subaccount of the Construction Account relating to that Project in excess of the amount held for the purpose of paying costs of that Project (i) shall be transferred to the Debt Service Account, and (ii) unless such Bonds are Taxable Obligations, shall be invested at a yield that complies with the Tax Covenants or may be used for any other lawful purpose approved by Bond Counsel in writing.

Section 8. Deposit, Pledge and Use of Tax Increment Revenues

A. All Tax Increment Revenues shall be deposited to and maintained in the Tax Increment Fund. As long as any Bonds remain Outstanding, monies and investments in the Tax Increment Fund shall be applied each Bond Year to pay the following amounts in the following order:

(1) To the Debt Service Account until it contains an amount sufficient to pay Annual Debt Service on all Outstanding Bonds other than General Obligation Bonds;

(2) To the Reserve Account to maintain the Reserve Requirement for and to secure the payment of any Outstanding Bonds;

(3) To pay rebates or penalties to the federal government pursuant to the Tax Covenants or credit a rebate account with respect to any Bonds;

(4) To the Subordinate Obligations Account and to make all other payments required to be made in connection with Subordinate Obligations;

(5) At the option of the Agency, to the General Obligation Debt Service Account to pay the debt service on any General Obligation Bonds; and

(6) To retire by optional redemption or purchase in the open market any Outstanding Bonds or other obligations of the Agency as authorized in Supplemental Resolutions of the Agency authorizing their issuance.

B. The Agency pledges the Tax Increment Revenues to the payment of principal of, premium (if any) and interest on all Bonds as herein provided. Pursuant to ORS 288.594, the pledge of the Tax Increment Revenues hereby made by the Agency shall be valid and binding from the time of the adoption of this Master Resolution. The Tax Increment Revenues so pledged and hereafter received by the Agency shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of the pledge shall be superior to all other claims and liens whatsoever (except for the lien of the Bonds) to the fullest extent permitted by ORS 288.594(2).

Section 9. Agency Covenants

A. Collection Covenant

So long as the Bonds are Outstanding, the Agency covenants to cause an amount of Available Tax Increment Revenues to be certified to the Linn County Assessor for collection each Bond Year which are estimated by the Finance Director to result in the Agency receiving Tax Increment Revenues in that Bond Year which are at least equal to one hundred twenty-five percent (125%) of the Annual Debt Service which is scheduled to be paid in that Bond Year (the "Collection Covenant"). If the Tax Increment Revenues received in any Bond Year are less than one hundred twenty-five percent (125%) of the Debt Service which is scheduled to be paid in that Bond Year, the Agency shall promptly certify to the Linn County Assessor for collection in future Fiscal Years such amount as is necessary to make up any deficiency for previous Bond Years.

B. No Release Covenant

The Agency covenants not to amend the boundaries of the Area to reduce the amount of land contained in the Area unless:

(1) An Authorized Representative of the Agency certifies to the Paying Agent that in the current Fiscal Year the Available Tax Increment Revenues of the Area would have been no less than 1.50 times the Maximum Annual Debt Service on all Outstanding Bonds with the property to be released removed from the incremental value for purposes of this calculation; and

(2) The Agency receives a report from a Qualified Consultant projecting that the Available Tax Increment Revenues for the three Fiscal Years immediately following the release of the property, inclusive of the year of release, will be 1.50 times Maximum Annual Debt Service on all Outstanding Bonds when taking into account the assessed value of land removed from the Area by means of an amendment of the boundary of the Area.

Section 10. Additional Bonds

A. The Agency may issue Additional Bonds to provide funds for any purpose relating to the Plan which is authorized by law, but only upon the following conditions:

- (1) No Default under this Master Resolution or any Supplemental Resolution has occurred and is continuing.
- (2) At the time of the issuance of the Bonds there is no deficiency in the Reserve Account.
- (3) Except as provided in this paragraph (3), the Supplemental Resolution authorizing the issuance of the Additional Bonds shall require that a deposit be made at closing sufficient to bring the balance in the Reserve Account equal to the Reserve Requirement for all Outstanding Bonds, including the proposed Series of Additional Bonds. The Supplemental Resolution authorizing the issuance of Additional Bonds shall provide that the Agency shall make deposit to the Reserve Account in an amount necessary, together with other available funds, to meet the Reserve Requirement at the time of issuance of the Additional Bonds. For purposes of Section 10.A.(2) of this Master Resolution, no deficiency shall be deemed to exist in the Reserve Account as a result of the application of the preceding sentence.
- (4) There shall have been filed with the Agency either:
 - (a) a certificate of the Authorized Representative stating that Available Tax Increment Revenues in the Base Period preceding the delivery of the Additional Bonds then proposed to be issued are not less than 1.30 times Maximum Annual Debt Service due in the Base Period on Outstanding Bonds plus the Additional Bonds then proposed to be issued; or
 - (b) a report of a Qualified Consultant setting forth:
 - (i) the amount of the Available Tax Increment Revenues for the three Fiscal Years succeeding the date of delivery of the Additional Bonds, then proposed to be issued, or, if capitalized interest is used, three Fiscal Years after the last capitalized interest payment; and
 - (ii) the debt service on all Outstanding Bonds and the Maximum Annual Debt Service for each maturity of the Series of Additional Bonds then proposed to be issued, and stating that the amount shown in paragraph (i) above for each of the three Fiscal Years succeeding the date of delivery of the Additional Bonds, then proposed to be issued, or, if capitalized interest is used, three Fiscal Years after the last capitalized interest payment is not less than 1.50 times Maximum Annual Debt Service on all Outstanding Bonds plus the Additional Bonds then proposed to be issued.

(5) There shall have been delivered to the Agency an opinion of Bond Counsel, to the effect that the Additional Bonds are valid and binding obligations of the Agency and that the issuance of the Additional Bonds shall not cause the interest paid on any Bonds (other than Taxable Obligations, if any) then Outstanding to become subject to federal income taxation.

B. The Agency may issue Additional Bonds to refund Outstanding Bonds, notwithstanding the requirements of Section 10.A, if the Annual Debt Service of the Refunding Bonds does not exceed the Annual Debt Service for the refunded Bonds payable in any Fiscal Year by more than \$5,000.

C. All Additional Bonds issued in accordance with this Section 10 shall have a lien on the Security that is equal to the lien of the Bonds issued in accordance with this Master Resolution or any Supplemental Resolution.

Section 11. General Covenants

The Agency hereby covenants and agrees with the Owners of all Outstanding Bonds as follows:

(1) That it will promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Master Resolution and any Supplemental Resolution.

(2) That it will maintain complete books and records relating to the Area and all Agency funds and accounts in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year, and an audit report prepared by the Auditor and made available for the inspection of Bondowners.

(3) That it will not issue Bonds or other obligations having a claim superior to the lien of the Bonds upon the Security.

(4) That it will promptly deposit into the Tax Increment Fund all sums required to be so deposited.

(5) That it will maintain its existence as an urban renewal agency until there are no Bonds Outstanding.

(6) The covenants, representations and warranties contained in this Master Resolution, each Supplemental Resolution adopted pursuant to this Master Resolution and any covenants, representations and warranties in the closing documents relating to each Series of Bonds issued pursuant to this Master Resolution and such Supplemental Resolutions shall constitute contracts with the Bondowners of each such Series of Bonds, and shall be enforceable by them.

Section 12. Maintenance of Tax-Exempt Status

The Agency covenants for the benefit of the Owners of all Tax-Exempt Obligations to comply with all provisions of the Code which are required for Tax-Exempt Obligation interest to be excluded from gross income for federal taxation purposes, unless the Agency obtains an opinion of Bond Counsel that such compliance is not required for the interest paid on the Tax-Exempt Obligations to be so excluded. The Agency makes the following specific covenants with respect to the Code:

- (1) The Agency will not take any action or omit any action if it would cause the Tax-Exempt Obligations to become arbitrage bonds under Section 148 of the Code.
- (2) The Agency shall operate the facilities financed with the Tax-Exempt Obligations so that the Tax-Exempt Obligations which were not issued as "private activity bonds" within the meaning of Section 141 of the Code do not become private activity bonds.
- (3) The Agency shall comply with appropriate reporting requirements.
- (4) The Agency shall pay, when due, all rebates and penalties with respect to the Tax-Exempt Obligations which are required by Section 148(f) of the Code.

The covenants contained in this Section 12 and any covenants in the closing documents for the Tax-Exempt Obligations shall constitute contracts with the owners of the Tax-Exempt Obligations, and shall be enforceable by them.

Section 13. Defaults and Remedies

A. Events of Default. The Agency hereby covenants and agrees with the purchasers and owners from time to time of the Bonds, to protect and safeguard the covenants and obligations undertaken by the Agency securing the Bonds, that the following shall constitute "Events of Default":

- (1) If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Bonds when the same shall become due and payable, either at maturity, tender or by proceedings for redemption or otherwise;
- (2) If default shall be made in the due and punctual payment of any installment of interest on any Bonds whether scheduled or payable by reason of redemption or tender or otherwise;
- (3) If the Agency shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the Agency contained in the Master Resolution, and such default or defaults shall have continued for a period of ninety (90) days after the Agency shall have received from the Bondowners Committee or from the Owners of not less than 25 % in aggregate principal amount of the Bonds Outstanding, a written notice specifying the Event of Default and demanding the cure of such default;

(4) If an order, judgment or decree shall be entered by any court of competent jurisdiction approving a petition filed against the Agency seeking the bankruptcy, arrangement or reorganization of the Agency under any applicable law of the United States or the State.

(5) If the Agency shall:

(a) admit in writing its inability to pay its debts generally as they become due;

(b) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;

(c) make an assignment for the benefit of its creditors-,

(d) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the Agency.

B. Appointment of Trustee.

During the continuance of an Event of Default, the owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding may call a Bondowners meeting for the purpose of electing a Bondowners Committee. Such meeting shall be called and the proceedings hereof shall be conducted in the manner provided in Section 14 hereof.

At such meeting the Bondowners present in person or by proxy may, by a majority of the votes cast, elect one or more persons, who may or may not be Bondowners, to the Bondowners Committee which shall act as trustee for all Bondowners, and the Bondowners Committee as such trustee may have and exercise all the rights and powers provided for in this Master Resolution to be exercised by the Bondowners Committee. The Bondowners present in person or by proxy at said meeting, or at any adjourned meeting thereof shall prescribe the manner in which the successors of the persons elected to the Bondowners Committee at such Bondowners meeting shall be elected or appointed, and may prescribe rules and regulations governing the exercise by the Bondowners Committee of the powers conferred upon it herein and may provide for the termination of the existence of the Bondowners Committee. The members of the Bondowners Committee elected by the Bondowners in the manner herein provided, and their successors, as a committee are hereby declared to be trustees for the owners of all the Bonds then outstanding, and are empowered to exercise in the name of the Bondowners Committee as trustee, all the rights and powers hereinafter conferred on the Bondowners Committee.

C. Books of Agency Open to Inspection.

(1) The Agency covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Agency and all other records relating to the Agency shall at all reasonable times be subject to the inspection and use of the Bondowners Committee and any persons holding at least

twenty percent (20%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.

(2) The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency will continue to account, as a trustee of an express trust, for all Tax Increment Revenues and other moneys, securities and funds pledged under the Master Resolution.

D. Payment of Funds to Bondowners Committee.

(1) The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency upon demand of the Bondowners Committee, shall, if it is then lawful to do so, pay over to the Bondowners Committee

(a) forthwith, all moneys, securities and funds then held by the Agency and pledged under the Master Resolution, and

(b) as promptly as practicable after receipt thereof, all Tax Increment Revenues.

(5) At the option of the Agency, to the General Obligation Debt Service Account to pay the debt service on any General Obligation Bonds; and

E. Application of Funds by Bondowners Committee .

(1) During the continuance of an Event of Default, the Tax Increment Revenues received by the Bondowners Committee, shall be applied by the Bondowners Committee, first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Bondowners Committee, and thereafter in accordance with the priorities established in Section 8 hereof.

(2) In the event that at any time the funds held by the Bondowners Committee and the Paying Agents for the Bonds shall be insufficient for the payment of the principal of, premium, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption and all Tax Increment Revenues and other moneys received or collected for the benefit or for the account of owners of the Bonds by the Bondowners Committee shall be applied as follows:

First, to the payment to the persons entitled thereto of all installments of interest then due on Bonds in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments or interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal and premium, if any, of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference; and

Third, to the payment to the persons entitled thereto of all installments of interest then due on Subordinate Obligations in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments or interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference: and

Fourth, to the payment to the persons entitled thereto of the unpaid principal and premium, if any, of any Subordinate Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and, if the amount available shall not be sufficient to pay in full all the Subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

F. Relinquishment of Possession and Funds Upon Remedy of Default.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Bondowners Committee and the owners of Bonds, their respective agents and attorneys, and all other sums payable by the Agency under the Master Resolution including the principal of, premium, if any, and accrued unpaid interest on all Bonds which shall then be payable, shall either be paid by or for the account of the Agency, or provision satisfactory to the Bondowners Committee shall be made for such payment, and all defaults under the Master Resolution or the Bonds shall be made good or secured to the satisfaction of the Bondowners; Committee or provision deemed by the Bondowners Committee to be adequate shall be made therefor, the Bondowners Committee shall pay over to the Agency all moneys, securities, funds and Tax Increment Revenues then remaining unexpended in the hands of the Bondowners Committee and thereupon all Tax Increment Revenues shall thereafter be applied as provided in Section 8 of this Master Resolution. No such payment over to the Agency by the Bondowners Committee or resumption of the application of Tax Increment Revenues as provided in Section 8 of this Master Resolution shall extend to or affect any subsequent default under the Master Resolution or impair any right consequent thereon.

G. Suits at Law or in Equity.

(1) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Bondowners Committee by its agents and attorneys, shall be entitled and empowered to proceed forthwith to take such necessary steps and institute such suits, actions and proceedings at law or in equity for the collection of all sums due in connection with the Bonds and to protect and enforce the rights of the owners of the Bonds under the Master

Resolution, for the specific performance of any covenant herein contained or in aid of the execution of any power herein granted, or for an accounting against the Agency as trustee of an express trust, or in the enforcement of any other legal or equitable right as the Bondowners Committee, being advised by counsel, shall deem most effectual to enforce any of the rights of the owners of the Bonds.

(2) Any action, suit or other proceedings instituted by the Bondowners Committee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Bonds or the provisions of this Master Resolution may be enforced by the Bondowners Committee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law, and the respective owners of said Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners Committee the true and lawful trustee of the respective owners of said Bonds, the authority to institute any such action, suit or proceeding, to receive as trustee and deposit in trust any sums becoming distributable on account of said Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person, provided however, that nothing herein contained shall be deemed to authorize or empower the Bondowners Committee to consent to, accept or adopt, on behalf of any owner of Bonds, any plan of reorganization or adjustment affecting the said Bonds of the Agency or any right of any owner thereof, or to authorize or empower the Bondowners Committee to vote the claim of the owners hereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the Agency shall be a party; and provided further, however, that any Bondowner or Bondowners may by mutual agreement transfer title to the Bonds held by him or them to the Bondowners Committee, or may by agreement with other Bondowners create or organize a separate trustee or Bondowners Committee and may confer upon the Bondowners Committee or such separate trustee or Bondowners Committee, such powers and duties as such agreement or agreements shall provide, and the provisions of this Master Resolution shall not be construed as a limitation on the powers and duties which consenting Bondowners may by agreement confer on the Bondowners Committee or such separate trustee or Bondowners Committee. The Bondowners Committee shall have full power of substitution and delegation in respect to any of the powers hereby granted.

H. Direction of Actions of Bondowners Committee.

The owners of not less than a majority in aggregate principal amount of the Bonds that are the subject of a Bondowners Committee at the time Outstanding, may direct the time, method and place of conducting any proceeding for any remedy available to the Bondowners Committee, or exercising any trust or power conferred upon the Bondowners Committee, provided that the Bondowners Committee shall be provided with reasonable security and indemnity and shall have the right to decline to follow any such direction only if the Bondowners Committee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Bondowners Committee in good faith shall determine that the action or proceeding so directed would involve the Bondowners Committee in personal liability or that the action or proceeding so directed would be unjustly prejudicial to the owners of Bonds not parties to such direction.

I. Suits by Individual Bondowners.

No owner of any one or more of the Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of any provision of the Master Resolution or the execution of any trust under the Master Resolution or for any remedy under the Master Resolution, unless an Event of Default shall have happened and be continuing, and unless no Bondowners Committee has been created as herein provided, but unless no Bondowners Committee has been created as herein provided, but any remedy herein authorized to be exercised by the Bondowners Committee, except the right to take possession of the Tax Increment Revenues may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners Committee has been created, or with the consent of the Bondowners Committee, if such Bondowners Committee has been created; provided, however, that nothing contained in the Master Resolution or in the Bonds shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of, premium, if any, and interest on the Bonds to the respective owners thereof or affect or impair the rights of action, which are also absolute and unconditional, of any owner to enforce the payment of these Bonds, or to reduce to judgment his claim against the Agency for the payment of the principal of and interest on his Bonds, without reference to, or the consent of, the Bondowners Committee or any other owner of Bonds.

J. Waivers of Default.

(1) No delay or omission of the Bondowners Committee or of any owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Article to the Bondowners Committee or to the owners of Bonds may be exercised from time to time and as often as may be deemed expedient by the Bondowners Committee or by such owners.

(2) The Bondowners Committee or the owners of not less than fifty percent (50%) in principal amount of the Bonds that are the subject of the Bondowners Committee and are at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the owners of all of the Bonds that are the subject of the Bondowners Committee waive any past default under the Master Resolution with respect to such Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

K. Remedies Granted in Master Resolution Not Exclusive.

No remedy by the terms of the Master Resolution conferred upon or reserved to the Bondowners Committee or the owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Resolution or existing at law or in equity or by statute.

L. Notice of Event of Default.

The Agency will provide notice of the occurrence of an Event of Default to any nationally recognized rating agency then rating the Bonds at the request of the Agency.

Section 14. Bondowners Meetings

A. Call of Bondowners Meetings.

The Agency, the Bondowners Committee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding may at any time call a meeting of the owners of the Bonds. Every such meeting shall be held at such place in the New York, New York, or in the City of Lebanon, Oregon, as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be transacted, shall be mailed to the Bondowners by the Agency, the Bondowners Committee or the Bondowners calling such meeting not less than thirty (30) nor more than sixty (60) days before such meeting, and shall be published at least once a week for four (4) successive calendar weeks on any day of the week, the date of first publication to be not less than thirty (30) nor more than sixty (60) days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. The expenses of publication of such notice shall be paid or reimbursed by the Agency. The list of Bondholders' names and addresses maintained by the Registrar may only be released by the Agency. Any meeting of Bondowners shall, however, be valid without notice if the owners of all Bonds then Outstanding are present in person or by proxy or if notice is waived before or within thirty (30) days after the meeting by those not so present.

B. Notice to Bondowners.

Except as otherwise provided in this Master Resolution, any provision in this Master Resolution, for the mailing of a notice or other paper to Bondowners shall be fully complied with if it is mailed by first class mail, postage prepaid, to each registered owner of any of the Bonds then outstanding at the Bondowner's address, if any, appearing upon the Bond Register; and any provision in this Master Resolution contained for publication of a notice or other matter shall require the publication thereof in The Bond Buyer in the New York, New York (or in lieu of publication in The Bond Buyer, in a daily newspaper printed in the English language and customarily published on each business day of general circulation in New York, State of New York, and also in a daily newspaper customarily published on each business day and of general circulation in the City of Lebanon, State of Oregon.

C. Proxies: Proof of Ownership of Bonds.

(1) Attendance and voting by Bondowners at such meetings may be in person or by proxy. Owners of Bonds may, by an instrument in writing under their hands, appoint any person or persons, with full power and substitution as their proxy to vote at any meeting for them. Officers or nominees of the Agency may be present or represented at such meeting and take part therein but shall not be entitled to vote thereat, except as such officers or nominees are Bondowners or proxies for Bondowners.

(2) Any registered owner of Bonds shall be entitled in person or by proxy to attend and vote at such meeting as owner of the Bonds registered in his name without producing such Bonds, and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the Secretary of the meeting. All proxies presented at such meeting shall be delivered to the inspectors of votes and filed with the Secretary of the meeting.

(3) The vote at any such meeting of the owner of any Bond entitled to vote thereat shall be binding upon such owner and upon every such subsequent owner of such Bond (whether or not such subsequent owner has notice thereof).

D. Execution of Instruments by Bondowners.

(1) Any request, direction, consent or other instrument in writing required or permitted by this Master Resolution to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondowners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Resolution if made by either

(a) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, or

(b) an affidavit of a witness to such execution sworn to before such a notary public or other officer.

Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

(2) The foregoing shall not be construed as limiting the Agency to such proof, it being intended that the Agency may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Agency in pursuance of such request, direction or consent.

(3) The right of a proxy for a Bondowner to act may be proved (subject to the Agency's right to require additional proof) by a written proxy executed by such Bondowner as aforesaid.

E. Appointment of Officers at Bondowners Meetings.

Persons named by the Agency or elected by the owners of a majority in principal amount of the Outstanding Bonds represented at the meeting in person or by proxy in the event the Agency is not represented at such meeting, shall act as temporary Chairman and temporary Secretary of any meeting of Bondowners. A permanent Chairman and a permanent Secretary of such meeting shall be elected by the owners of a majority in principal amount of the Bonds

represented at such meeting in person or by proxy. The permanent chairman of the meeting shall appoint two (2) inspectors of votes who shall count all votes cast at such meeting, except votes on the election of Chairman and Secretary as aforesaid, and who shall make and file with the Secretary of the meeting and with the Agency their verified report of all such votes cast at the meeting.

F. Quorum at Bondowners Meetings.

The owners of not less than the principal amount of the Bonds required for any action to be taken at such meeting must be present at such meeting in person or by proxy to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that, if such meeting is adjourned by less than a quorum for more than ten (10) days, notice thereof shall be published by the Agency at least five (5) days prior to the adjourned date of the meeting.

G. Vote Required to Amend Master Resolution.

Any amendment to the provisions of the Master Resolution, in any particular except the percentage of Bondowners the approval of which is required to approve such amendment, may be made by a Supplemental Resolution of the Agency and a resolution duly adopted by the affirmative vote at a meeting of Bondowners duly convened and held, or with written consent as hereinafter provided in this Section 14G hereof, of the owners of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding when such meeting is held or such consent is given, provided, however, that no such amendment shall

(1) extend the date of payment of the principal of any Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date;

(2) give to any Bond or Bonds any preference over any other Bond or Bonds secured equally and ratably therewith;

(3) reduce the aforesaid percentage of Bonds, the owners of which are required to consent to any such resolution amending the provisions of this Master Resolution; or

(4) authorize the creation of any pledge prior to or, except as provided in Sections 10 hereof, on a parity with the pledge afforded by this Master Resolution, without the consent of the owner of each such Bond affected thereby.

H. Obtaining Approval of Amendments at Bondowners Meeting.

The Agency may at any time adopt a resolution amending the provisions of the Master Resolution to the extent that such amendment is permitted by the provisions of Section 15 hereof, to take effect when and as provided in this Section 14. At any time thereafter such resolution may be submitted by the Agency for approval to a meeting of the Bondowners duly

convened and held in accordance with the provisions of the Master Resolution. A record in duplicate of the proceedings of each meeting of the Bondowners shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the inspectors of votes and affidavits by a person or persons having knowledge of the facts, showing a copy of the notice of the meeting and setting forth the facts with respect to the mailing and publication thereof under the provisions of the Master Resolution. Such a record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the Agency. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the Agency making such amendment shall be approved by a resolution duly adopted at such meeting of Bondowners by the affirmative vote of the owners of the required percentages of Bonds, a notice stating that a resolution approving such amendment has been so adopted shall be mailed by the Agency to each Bondowner who has requested such notice (but failure so to mail copies of such notice shall not affect the validity of such resolution) and shall be published at least once in the manner provided in Section 4D hereof. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the Agency. Such resolution of the Agency making such amendment shall be deemed conclusively to be binding upon the Agency, the Paying Agent, and the owners of all Bonds at the expiration of thirty (30) days after the publication of the notice provided for in this Section 14, except in the event of a final decree of court of competent jurisdiction setting aside such resolution or annulling the action taken thereby in a legal action or equitable proceeding, for such purpose commenced within such period; provided that the Agency and any Paying Agent during such thirty (30) day period and any such further period during which such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such resolution as they may deem expedient. Nothing in the Master Resolution contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Bondowners or of any right conferred hereunder to make such a call, any hindrance or delay in the exercise of any rights conferred upon or reserved to the Paying Agent or the Bondowners under any of the provisions of the Master Resolution.

Section 15. Amendment of Master Resolution

A. This Master Resolution may be amended by Supplemental Resolution without the consent of any Bondowners for any one or more of the following purposes:

- (1) To cure any ambiguity or formal defect or omission in this Master Resolution;
- (2) To add to the covenants and agreements of the Agency in this Master Resolution, other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with this Master Resolution as theretofore in effect;
- (3) To add to the limitations and restrictions in this Master Resolution, other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with this Master Resolution as theretofore in effect;
- (4) With the prior Opinion of Bond Counsel that to do so will not adversely affect the prior status of any Bonds intended to be, and which still are, Tax-Exempt

Obligations, to authorize, in compliance with all applicable law, Bonds of any Series to be issued in the form of coupon Bonds registerable as to principal only and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Bonds, including provisions relating to the timing and manner of provision of any notice required to be given hereunder to the holders of such coupon Bonds, which are not contrary to or inconsistent with the applicable provisions of this Master Resolution or any Supplemental Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Bonds;

(5) To modify, amend or supplement this Master Resolution or any Supplemental Resolution in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any of the states of the United States of America;

(6) To add additional security subject to the pledge and lien of this Master Resolution or any Supplemental Resolution;

(7) To provide any of the Tax Covenants not provided by this Master Resolution or to modify in any respect any Tax Covenant so as to conform to the then applicable requirements of the Code or to delete or restrict the applicability of any Tax Covenant which, under the Code as then in effect, and in the Opinion of Bond Counsel, is no longer applicable to all or any Bonds issued or to be issued hereunder;

(8) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of this Master Resolution or any Supplemental Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the applicable covenants and agreement of the Agency contained in this Master Resolution or any Supplemental Resolution;

(9) To confirm, as further assurance, any security interest or pledge created under this Master Resolution or any Supplemental Resolution;

(10) To insert such provisions clarifying matters or questions arising under this Master Resolution or any Supplemental Resolution as are necessary or desirable and are not contrary to or inconsistent with the applicable provisions of this Master Resolution or any Supplemental Resolution as theretofore in effect;

(11) To modify any of the provisions of this Master Resolution or any Supplemental Resolution in any other respect whatever, provided that:

(a) no Bonds affected by such modification shall be Outstanding at the date of the adoption of such Supplemental Resolution; or

(b) such modification shall be, and be expressed to be, effective only after all affected Outstanding Bonds at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding Bonds, and such Supplemental Resolution shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof, or

(c) such modification does not materially and adversely affect the rights of the Bondowners of any Outstanding Bonds;

(12) To make any change required by a Rating Agency as precondition to the issuance of a rating on any Series of Bonds which is not to the prejudice of the Bondowners of the Bonds of any other Series;

(13) So long as a Credit Facility is in full force and effect with respect to the Bonds affected by such Supplemental Resolution, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:

(a) would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or

(b) changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or

(c) materially and adversely affects the rights and security afforded to the Owners of any Outstanding Bonds not secured by such Credit Facility; or

(14) To incorporate into this Master Resolution or any Supplemental Resolution any financing powers hereafter granted to or conferred upon the Agency by law.

B. This Master Resolution may be amended for any other purpose only upon consent of Bondowners of not less than fifty-one percent (51 %) in aggregate principal amount of the Bonds outstanding; provided, however, that no amendment shall be valid without the consent of Bondowners of 100 percent of the aggregate principal amount of the Bonds outstanding which:

(1) Extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment or interest on any Bond, reduces the amount Of principal payable on an Bond, or reduces any premium payable on any Bond, without the consent of the affected Bondowner; of

(2) Reduces the percent of Bondowners required to approve amendatory resolutions.

C. Except as otherwise expressly provided in a Supplemental Resolution, as long as a Credit Facility securing all or a portion of any Outstanding Bonds is in effect, the issuer of such Credit Facility shall be deemed to be the Bondowner of the Bonds secured by such Credit Facility:

(1) at all times for the purpose of the execution and delivery of a Supplemental Resolution or of any amendment, change or modification of this Master Resolution or the initiation by Bondowners of any action which under this Master Resolution requires the written approval or consent of or can be initiated by the Bondowners of at least a majority in principal amount of the affected Bonds at the time Outstanding; and following an Event of Default for all other purposes.

(2) Notwithstanding the foregoing, the issuer of such Credit Facility shall not be deemed to be a Bondowner secured thereby with respect to any such Supplemental Resolution or of any amendment, change or modification of this Master Resolution which:

(a) would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or

(b) changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or

(c) reduces the percentage or otherwise affects the classes of affected Bonds, the consent of the Bondowners of which is required to effect any such modification or amendment,

(3) In addition and notwithstanding the foregoing, no issuer of a Credit Facility given as security for any Bonds shall be entitled to exercise any rights under this Section 15 during any period where:

(a) the Credit Agreement or Credit Facility to which such Credit Provider is a party shall not be in full force and effect;

(b) such Credit Provider shall have filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;

(c) such Credit Provider shall, for any reason, have failed or refused to honor a proper demand for payment under such Credit Facility; or

(d) an order or decree shall have been entered, with the consent or acquiescence of such Credit Provider, appointing a receiver or receivers or the assets of the Credit Provider, or if such order or decree having been entered without the consent or acquiescence of such Credit Provider, shall not have been vacated or discharged or stayed within ninety (90) days after the entry thereof.

For purposes of determining the percentage of Bondowners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Resolution, the Owners of Bonds which constitute Capital Appreciation Obligations shall be treated as Owners of Bonds in an aggregate principal amount equal to the Accreted Value of such Bonds as of the date the Bond Registrar sends out notice of requesting consent, waiver or other action as provided herein.

Section 16. Defeasance

In the event that the Agency, to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Account or in another special account, held in trust by an independent trustee or escrow agent, Defeasance Obligations in amounts which will mature and pay interest on or prior to the Bond payment dates and which are sufficient to redeem, retire or pay such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such Defeasance Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Account for the payment of the principal of and interest on such Bond. The Owner of such Bond shall cease to be entitled to any lien, benefit or security of this Master Resolution except provisions regarding the transfer, exchange and replacement of Bonds, and shall be entitled to receive payment of principal, premium, if any, and interest only from funds set aside or in such special account; such Bond shall be deemed not otherwise to be Outstanding hereunder. The lien of such Bond upon the Tax Increment Revenues may be defeased, and such Bond shall be deemed paid, if the Agency places in irrevocable escrow Defeasance Obligations which are calculated by an independent certified public accountant to be sufficient, without reinvestment, to pay principal, interest and any premium on such Bond as it becomes due, either at maturity or on prior redemption.

Section 17. Additional Actions

A. Form of 1999 Bonds. The Bonds shall be issued substantially in the form as approved by the Authorized Representative and Bond Counsel.

B. Appointment of Underwriter. The Agency appoints Seattle-Northwest Securities Corporation, Portland, Oregon as the Underwriter of the 1999 Bonds.

C. Appointment of Bond Counsel. The Agency appoints as bond counsel for the issuance of the Bonds the firm of Mersereau & Shannon, LLP of Portland, Oregon.

D. Appointment of Expert Advisor, Paying Agent and Bond Registrar. The Authorized Representative is authorized to appoint an Expert Advisor, Paying Agent and Bond Registrar for the Bonds. The Authorized Representative is authorized to negotiate and execute and deliver on behalf of the Agency, the Paying Agent and Bond Registrar Agreement. This Agreement shall provide for compliance with Oregon Administrative Rule 170-61-010. The Agency requests and authorizes the Paying Agent and Bond Registrar to execute the Certificate of Authentication as of the date of delivery of the Bonds.

E. Printing of Bonds. If the Bonds are not in book-entry form, the Authorized Representative is authorized to contract for the printing of the Bonds. The Authorized

Representative may provide for the printing of, in addition to the original issue of Bonds, additional bonds to be printed in blank form as to registration and to be designated by appropriate number for the Bond Registrar for delivery to the registered owner upon transfer or exchange of Bonds. The additional bonds shall bear the dated date of the Bonds, shall be signed by the manual or facsimile signature of the Chair of the Board of the Agency and shall be attested by the manual or facsimile signature of the Agency Recorder and the Paying Agent and Bond Registrar shall manually sign the Certificate of Authentication as of the date of delivery or transfer of the Bonds.

F. Preliminary and Final Official Statement. The Agency shall cause the preparation of the preliminary official statement of the Bonds which will be available for distribution to prospective investors. In addition, an official statement shall be prepared and ready for delivery to the purchasers of the 1999 Bonds no later than the seventh (7th) business day after the sale of the 1999 Bonds. When the Authorized Representative has determined that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not misleading "in the light of the circumstances under which they are made, the Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the Agency.

G. Designation of 1999 Bonds as Qualified Tax-Exempt Obligations. The Agency designates the 1999 Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The Agency covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000. The Agency (including any subordinate entities) does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

H. Closing of the Sale and Delivery of the 1999 Bonds. The Authorized Representative is authorized to execute and deliver such additional documents, including a Tax Certificate, and any and all other things or acts necessary for the sale and delivery of the 1999 Bonds as herein authorized. Such acts of the Authorized Representative are for and on behalf of the Agency and are authorized by the Board of the Agency.

Adopted this 26th day of May, 1999.

URBAN RENEWAL AGENCY OF THE
CITY OF LEBANON, OREGON

By J. Scott Simpson
Chair

ATTEST:

By Judith L. Wendland
Secretary