

RESOLUTION NO. 91-009

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF URBAN RENEWAL AND REDEVELOPMENT BONDS, 1991 SERIES A AND B IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,500,000.

WHEREAS, the Urban Renewal Agency of the City of The Dalles (the "Agency") finds it desirable to issue its urban renewal and redevelopment bonds to pay for the costs of redevelopment projects within the Columbia Gateway/Downtown Area (the "Area") which are described in the Columbia Gateway/Downtown Urban Renewal Area Plan (the "Plan") of the Agency; and

WHEREAS, the Agency has caused a hearing to be held on September 11, 1991 regarding the issuance of tax-exempt bonds to finance redevelopment projects within the Columbia Gateway/Downtown Area in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, adoption of this Resolution shall constitute "public approval" of such bonds in accordance with that section of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Agency finds it desirable to sell such bonds to Security Pacific Securities; now, therefore,

THE URBAN RENEWAL AGENCY OF THE CITY OF THE DALLES  
RESOLVES:

Section 1. Definitions. For purposes of this resolution, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

"1991 Bonds" means the Agency's Urban Renewal and Redevelopment Bonds, 1991 Series A (Governmental Purpose) and Urban Renewal and Redevelopment Bonds, 1991 Series B (Qualified Redevelopment), which are issued pursuant to Section 2 of this Resolution.

"Accumulated Redemption" means the mandatory redemption of the 1991 Bonds with the Tax Increment Revenues generated by the Coverage Amount and on deposit in the Accumulated Redemption Account.

"Accumulated Redemption Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Annual Debt Service" means the amount in a given Bond Year necessary for the payment of the principal of and interest on the 1991 Bonds and any Parity Bonds, except for amounts payable for the Accumulated Redemption of the Bonds and interest to be paid from the proceeds of any Parity Bonds.

"Area" means the Columbia Gateway/Downtown Area which is described in the Plan.

"Bonded Indebtedness" shall have the same meaning as assigned to such term in House Bill 2550 of the 1991 Regular Session of the State of Oregon Legislature.

"Bond Year" means the one year period commencing September 1 and ending August 31.

"Bonds" means the 1991 Bonds, and any Parity Bonds.

"City" means the City of The Dalles, Oregon, a city duly organized and existing under and by virtue of the laws of the State of Oregon and the Charter of the City.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Closing" means the date on which Bonds are delivered in exchange for payment.

"Coverage Amount" means the amount certified to the county assessor as Bonded Indebtedness or other indebtedness in excess of the Annual Debt Service.

"Finance Director" means the Finance Director of the City.

"General Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Owners" or "Bondowners" means the registered owners of registered Bonds, as shown on the Bond Register maintained by the Bond Registrar for each issue of Bonds, and the holders of any bearer Bonds.

"Payment Date" means a date on which Bond principal or interest is due to be paid.

"Parity Bonds" means bonds, notes or other obligations which have a lien on the Tax Increment Revenues which is equal to the lien of the Series A Bonds, and which are issued in accordance with Section 10(b) or Section 10(c) of this Resolution.

"Plan" means the Agency's Urban Renewal Plan for the Columbia Gateway/Downtown Area, which is dated August, 1990.

"Proceeds Account" means the Proceeds Account of the Tax Increment Fund established to receive the proceeds from the sale of the 1991 Bonds and to be utilized to pay the costs of redevelopment projects in the Area.

"Record Date" means the fifteenth day of the month which precedes a Payment Date.

"Registrar" means the paying agent and registrar for the 1991 Bonds, which is currently Security Pacific Bank Oregon.

"Series A Bond Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Series B Bond Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Series A Bonds" means the Agency's Urban Renewal and Redevelopment Bonds, 1991 Series A (Governmental Purpose), which are authorized by Section 2 of this Resolution.

"Series B Bonds" means the Agency's Urban Renewal and Redevelopment Bonds, 1991 Series B (Qualified Redevelopment), which are authorized by Section 2 of this Resolution.

"Series A Reserve Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Series B Reserve Account" means that account of the Tax Increment Fund established in Section 6 hereof.

"Series A Reserve Requirement" means, as of any date, an amount equal to the sum of the lowest of the following amounts for the Series A Bonds: maximum annual debt service, 125% of average annual debt service, ten (10%) percent of the proceeds of the issue (as "proceeds" is used in Section 148(d)(2) of the Code), or all debt service remaining to be paid on the issue.

"Series B Reserve Requirement" means, as of any date, an amount equal to the sum of the lowest of the following amounts for the Series B Bonds: maximum annual debt service, 125% of average annual debt service, ten (10%) percent of the proceeds of the issue (as "proceeds" is used in Section 148(d)(2) of the Code), or all debt service remaining to be paid on the issue.

"Tax Increment Fund" means the fund established under ORS 457.440(3) to hold the Tax Increment Revenues.

"Tax Increment Revenues" means all revenues from property within the Area which are attributable to the increase in true cash value of property within the Area pursuant to

section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Sections 457.420 and 457.460, inclusive, as amended, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

Section 2. Authorization of 1991 Bonds. The Agency shall issue the 1991 Bonds in two series, as provided below:

(a) The first series shall be the Agency's Urban Renewal and Redevelopment Bonds, 1991 Series A (Governmental Purpose), (the "Series A Bonds") which shall be in the principal amount not to exceed \$1,930,000, shall be dated September 15, 1991, shall bear interest at rates that shall not exceed an effective true interest rate of Eight percent (8.0%), shall be for a term not to exceed twenty (20) years, shall mature on the dates and in the years and annual principal amounts as determined by the Finance Director.

(b) The second series shall be the Agency's Urban Renewal and Redevelopment Bonds, 1991 Series B (Qualified Redevelopment) (the "Series B Bonds") which shall be in the principal amount not to exceed \$570,000, shall be dated September 15, 1991, shall bear interest at rates that shall not exceed an effective true interest rate of Eight percent (8.0%), shall be for a term not to exceed twenty (20) years, shall mature on the dates and in the years and annual principal amounts as determined by the Finance Director.

(c) The 1991 Bonds shall be in registered form, in five thousand dollar (\$5,000) denominations or integral multiples thereof. The 1991 Bonds may be registered in book entry form.

Section 3. Use of Proceeds.

(a) The proceeds of the Series A Bonds shall be used in accordance with Chapter 457 of the Oregon Revised Statutes to finance publicly owned facilities in the Area and to pay the costs of issuance of the Series A Bonds. All facilities financed with the proceeds of the Series A Bonds shall be owned and operated by the Agency or a unit of State or local government, and shall not be sold, leased, rented, or otherwise used in the trade or business of any person or entity, so long as the Series A Bonds are outstanding, unless the Agency obtains the written opinion of nationally recognized bond counsel that such use will not cause the interest paid on the Series A Bonds to be included in gross income of Bondowners under the Code.

(b) The proceeds of the Series B Bonds shall be used in accordance with Chapter 457 of the Oregon Revised Statutes to finance the acquisition and redevelopment of real property in the Area and to pay the costs of issuance of the Bonds. All uses of the proceeds of the Series B Bonds shall be uses permitted for proceeds of governmental function bonds or "private activity bonds" which are "qualified redevelopment bonds" under Section 144(c) of the Code.

(c) In no event shall more than 2% of the proceeds of the Series B Bonds be utilized to pay the costs of issuance of the Series B Bonds. To the extent such costs of issuance

exceed 2% of the proceeds of the Series B Bonds, the Agency shall pay such excess with other moneys lawfully available for such purpose and not with moneys directly or indirectly derived from the proceeds of the Series B Bonds.

Section 4. Redemption of the Bonds.

(a) The Series A Bonds maturing after August 1, 1996 shall be subject to optional redemption by the Agency on August 1, 1996 and any Payment Date thereafter, in whole or in part, in inverse order of maturity and by lot within a maturity, at par together with accrued interest to the date set for redemption.

(b) The Series B Bonds shall be subject to optional redemption by the Agency on any Payment Date, in whole or in part, in inverse order of maturity and by lot within a maturity, at par together with accrued interest to the date of redemption.

(c) The Series B Bonds shall be subject to Accumulated Redemption on August 1 of each year to the extent that funds are on deposit in the Accumulated Redemption Account. The Agency shall certify to the Registrar as soon as practical after May 15 of each year, but in no event later than June 15, the amount on deposit in the Accumulated Redemption Account and shall provide to the Registrar prior to June 15 of each year a Notice of Intent to Redeem setting forth the Series B Bonds to be redeemed on the following August 1 pursuant to this subparagraph.

(d) Unless waived by any Owner of the 1991 Bonds to be redeemed, official notice of any such redemption shall be given by the Registrar on behalf of the Agency by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the 1991 Bonds or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar. The Agency shall notify the Registrar of any intended redemption not less than 45 days prior to the redemption date.

(e) All official notices of redemption shall be dated and shall state:

(i) the redemption date,

(ii) the redemption price,

(iii) if less than all outstanding 1991 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 1991 Bonds to be redeemed,

(iv) that on the redemption date the redemption price will become due and payable upon each such 1991 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(v) the place where such 1991 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

#### Section 5. Security for 1991 Bonds.

(a) The Series A Bonds shall not be general obligations of the City, the Agency or Wasco County, Oregon. The Series A Bonds and the interest and premium, if any, thereon shall be payable solely from the Tax Increment Revenues, the Series A Reserve Account and the proceeds of the Series A Bonds, all as provided herein. The Agency hereby irrevocably pledges the Tax Increment Revenues to pay the Series A Bonds, and, to the extent that the Tax Increment Revenues are insufficient to pay debt service on the Series A Bonds when due, covenants to pay such debt service from the Series A Reserve Account and any unexpended proceeds of the Series A Bonds on deposit in the Series A Proceeds Account. The provisions of this Resolution shall constitute a contract with the Owners, and shall be enforceable by them.

(b) The Series B Bonds shall not be general obligations of the City, the Agency or Wasco County, Oregon. The Series B Bonds and the interest and premium, if any, thereon shall be payable solely from the Tax Increment Revenues, the Series B Reserve Account, the proceeds from the sale of properties acquired with the proceeds of the Series B Bonds and the proceeds of the Series B Bonds, all as provided herein. The Agency hereby irrevocably pledges the Tax Increment Revenues to pay the Series B Bonds, and, to the extent that the Tax Increment Revenues are insufficient to pay debt service on the Series B Bonds when due, covenants to pay such debt service from the Series B Reserve Account, the proceeds from the sale of properties acquired with the proceeds of the Series B Bonds and any unexpended proceeds of the Series B Bonds on deposit in the Series B Proceeds Account. The pledge of the Tax Increment Revenues and the lien of the Series B Bonds on the Tax Increment Revenues shall be junior to the pledge and lien of the Series A Bonds on the Tax Increment Revenues. The provisions of this Resolution shall constitute a contract with the Owners, and shall be enforceable by them.

(c) The Agency covenants and agrees that it will certify to the county assessor, for a each fiscal year Bonds are outstanding, as Bonded Indebtedness an amount equal to the sum of the Annual Debt Service and a Coverage Amount, which sum shall not be less than 1.30 times the Annual Debt Service on the 1991 Bonds due during the Bond Year next ending on or after the end of the fiscal year for which the amount is certified. If the Agency is not legally able certify to the county assessor for any fiscal year as Bonded Indebtedness an amount equal to 1.30 times the Annual Debt Service, the Agency covenants and agrees that it will certify as other indebtedness an amount which will result in the Tax Increment Revenues to be received by the Agency during such fiscal year to be no less than 1.30 times the Annual Debt Service.

In the event the Tax Increment Revenues in any fiscal year are less than 1.30 times the Annual Debt Service on the 1991 Bonds in the corresponding Bond Year, then the Agency will certify to the county assessor as Bonded Indebtedness, to the extent it is legally able to do so and otherwise as other indebtedness, in future fiscal years such amount as is necessary to make up any deficiency under the terms of this subparagraph for previous fiscal years.

Section 6. The Tax Increment Fund.

(a) The Tax Increment Fund shall be divided into a Series A Bond Account, a Series B Bond Account, a Series A Reserve Account, a Series B Reserve Account, a Series A Proceeds Account, a Series B Proceeds Account, a Series A Restricted Account, a Series B Restricted Account, an Accumulated Redemption Account and a General Account. The Agency shall deposit all Tax Increment Revenues in its Tax Increment Fund, and shall credit each deposit to the following accounts with the Tax Increment Fund, in the following order of priority:

(i) to the Series A Bond Account, until the Series A Bond Account contains an amount sufficient to pay all the Annual Debt Service during the current Bond Year on outstanding Series A Bonds, including any payments for the mandatory redemption of Series A Bonds occurring in such Bond Year;

(ii) to the Series A Reserve Account, until the Series A Reserve Account contains an amount equal to the Reserve Requirement;

(iii) to the Series B Bond Account, until the Series B Bond Account contains an amount sufficient to pay all the Annual Debt Service during the current Bond Year on outstanding Series B Bonds, including any payments for the mandatory redemption of Series B Bonds occurring in such Bond Year;

(iv) to the Series B Reserve Account, until the Series B Reserve Account contains an amount equal to the Reserve Requirement;

(v) to the Accumulated Redemption Account, an amount equal to the Coverage Amount; and

(vi) to the General Account, any amounts which are not required to be deposited in the Series A Bond Account, the Series B Bond Account, the Series A Reserve Account, the Series B Reserve Account or the Accumulated Redemption Account.

(b) Money in the Series A Bond Account and the Series A Reserve Account shall be used only to pay debt service on Series A Bonds. Money in the Series A Reserve Account shall be used to pay debt service on Series A Bonds only if insufficient funds are available in

the Series A Bond Account, the Accumulated Redemption Account and the General Account.

(c) Money in the Series B Bond Account and the Series B Reserve Account shall be used only to pay debt service on Series B Bonds. Money in the Series B Reserve Account shall be used to pay debt service on Series B Bonds only if insufficient funds are available in the Series B Bond Account, the Accumulated Redemption Account and the General Account.

(d) Money in the Accumulated Redemption Account shall be used only to redeem Series B Bonds on August 1 of each year, unless inadequate money is available in the Series B Bond Account to pay debt service which is then due on the Series B Bonds, in which event money in the Accumulated Redemption Account shall be used to pay such debt service.

(e) Money in the General Account may be used at any time for any legal purpose permitted under Chapter 457 of the Oregon Revised Statutes, provided that money in the General Account shall be transferred in accounts having a higher priority under Section 6(a) of this Resolution to remedy any deficiencies therein, before money in the General Account is used for any other purpose.

(f) So long as there is no deficiency in accounts having a higher priority under Section 6(a) of this Resolution, earnings on each account in the Tax Increment Fund shall be credited to the General Account; if there is a deficiency in any account in the Tax Increment Fund, interest on the Tax Increment Fund shall be credited to the deficient accounts in order of their priority under Section 6(a) of this Resolution.

(g) Money in the Series A Proceeds Account shall be used solely as described in Section 3(a) hereof or to pay debt service on the Series A Bonds pursuant to Section 5 hereof.

(h) Money in the Series B Proceeds Account shall be used solely as described in Section 3(b) hereof or to pay debt service on the Series B Bonds pursuant to Section 5 hereof.

(i) Money in the Series A Restricted Account and the Series B Restricted Account shall be utilized for debt service or redemption of their respective series of 1991 Bonds until such time as the Agency receives a certification from the Wasco county assessor that the certified property values in the Area for the 1991-1992 fiscal year exceed the certified property values in the Area for the 1990-1991 fiscal year by not less than \$4.5 million. Upon receipt of such certificate, the Agency may transfer funds on deposit in the Series A Restricted Account and the Series B Restricted Account to the Series A Proceeds Account and the Series B Proceeds Account, respectively, to be expended in accordance with (g) and (h) of this section. The rate of such permitted transfer shall be 1% of the initial balance in the applicable restricted account for each \$40,000 in certified property value above \$4.5 million. The provisions of this subsection shall also apply to certifications by the Wasco county assessor for fiscal years subsequent to the 1991-1992 fiscal year.



If moneys held in the Series A Restricted Account or the Series B Restricted Account are applied to pay debt service or redemption of the appropriate series of 1991 Bonds, such money shall be treated as if they were Tax Increment Revenues and deposited and applied as provided in Section 6(a)(i) through (v) hereof. Notwithstanding the provisions of Section 6(a)(vi), if such application of moneys held in the Series A Restricted Account and the Series B Restricted Account produces a balance in the Accumulated Redemption Account in excess of the Coverage Requirement, such balance shall remain in that account and be applied as provided in Sections 4(b) and 6(d) hereof.

(j) Five (5) days before any payment of principal, premium or interest on the 1991 Bonds is due, the Agency shall satisfy any deficiency in the Series A Bond Account or the Series B Bond Account by transferring monies to the Series A Bond Account or the Series B Bond Account, whichever has a deficiency, from the following accounts in the following order of priority:

- (i) the General Account;
- (ii) with respect to the Series B Bonds only, the Accumulated Redemption Account;
- (iii) the Series A Reserve Account or the Series B Reserve Account, whichever is applicable;
- (iv) the Proceeds Account.

Section 7. Execution of the Bonds. The 1991 Bonds shall be signed with the facsimile signatures of the Chair and Vice Chair of the Agency. The Bonds shall be in substantially the form approved by the Finance Director and Bond Counsel.

Section 8. Maintenance of Tax-Exempt Status. The Agency covenants for the benefit of the owners of the 1991 Bonds to comply with all provisions of the Code which are required for 1991 Bond interest to be excludable from gross income under the Code (except for any period the Series B Bonds are held by a "substantial user" or a related person as defined in Section 147(A) of the Code). The Agency further covenants for the benefit of the Owners of the 1991 Bonds to comply with all provisions of the Code which are required so that the Series A Bonds are not "private activity bonds" within the meaning of Section 141 of the Code and the Series B Bonds are "private activity bonds" within the meaning of Section 141 of the Code which are "qualified redevelopment bonds" within the meaning of Section 144(c) of the Code. The Agency specifically covenants that it shall not take any action or omit any action, if it would cause the 1991 Bonds to become "arbitrage bonds" under Section 148 of the Code, and that it shall pay, but solely from the Tax Increment Revenues, all rebates on the "gross proceeds" of the 1991 Bonds when and as required under that Section.

The covenants contained in this Resolution and any covenants in the closing documents for the 1991 Bonds shall constitute contracts with the owners of the 1991 Bonds, and shall be enforceable by them.

Section 9. Authentication, Registration and Transfer.

(a) No 1991 Bond shall be entitled to any right or benefit under this Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all 1991 Bonds to be delivered at closing of the 1991 Bonds, and shall additionally authenticate all 1991 Bonds properly surrendered for exchange or transfer pursuant to this Resolution.

(b) The Agency hereby appoints Security Pacific Bank Oregon as the initial Registrar for the 1991 Bonds. A successor Registrar may be appointed for the 1991 Bonds by resolution of the Agency. The Registrar shall provide notice to 1991 Bondowners of any change in the Registrar not later than the 1991 Bond Payment Date following the change in Registrar.

(c) The ownership of all 1991 Bonds shall be entered in the 1991 Bond register maintained by the Registrar, and the Agency and the Registrar may treat the person listed as owner in the 1991 Bond register as the owner of the 1991 Bond for all purposes.

(d) The Registrar shall mail each interest payment on the applicable Payment Date (or the next business day if the Payment Date is not a business day) to the name and address of the 1991 Bondowners as they appear on the 1991 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.

(e) 1991 Bonds may be exchanged for an equal principal amount of 1991 Bonds of the same maturity which are in different denominations, and 1991 Bonds may be transferred to other owners if the 1991 Bondowner submits the following to the Registrar:

(i) written instructions for exchange or transfer satisfactory to the Registrar, signed by the 1991 Bondowner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and

(ii) the 1991 Bonds to be exchanged or transferred.

(f) The Registrar shall not be required to exchange or transfer any 1991 Bonds submitted to it during any period beginning with a Record Date and ending on the next following Payment Date; however, such 1991 Bonds shall be exchanged or transferred promptly following that Payment Date.

(g) The Registrar shall note the date of authentication on each 1991 Bond. The date of authentication shall be the date on which the Owner of a 1991 Bond is listed on the 1991 Bond register.

(h) For purposes of this Section, 1991 Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the material described in subsection (e) of this Section.

(i) The 1991 Bonds may be initially delivered as a typewritten, temporary installment bond. In such event, printed definitive bonds shall be exchanged for the temporary bond within thirty (30) days of the Closing.

(j) The Agency may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 1991 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 10. Parity Bonds.

(a) The Agency covenants not to issue any obligations payable from the Tax Increment Revenues which have a lien or claim on the Tax Increment Revenues which is superior to the lien of the Bonds.

(b) The Agency may issue Parity Bonds wherein the principal, interest and premium, if any, shall be payable from the Tax Increment Revenues if, on the date of delivery of the Parity Bonds:

(i) the Series B Bonds have been redeemed, retired or defeased; and

(ii) the balance in the Series A Reserve Account is at least equal to the Series A Reserve Requirement; and

(iii) the amount of Tax Increment Revenues for the fiscal year prior to the fiscal year in which the Parity Bonds are to be issued (or such shorter time as the Tax Increment Revenues have actually been received by the Agency and indebtedness of the Agency has been outstanding) equaled or exceeded 1.30 times the Annual Debt Service on the Bonds outstanding and the proposed Parity Bonds; and

(iv) the annual Tax Increment Revenues for the fiscal year in which the Parity Bonds are issued and the next fiscal year is projected to equal or exceed, on an average basis, 1.50 times the Annual Debt Service on all Bonds and Parity Bonds Outstanding, including the Parity Bonds then being issued, in any future fiscal year. The projection of debt service coverage shall be prepared by a firm of independent certified public accountants, which may be

the firm of certified public accountants regularly auditing the books and records of the City or the Agency, or other recognized independent experts.

(c) The Agency may issue Parity Bonds to refund 1991 Bonds without meeting the requirements of subsection (b) of this Section, but only if the Annual Debt Service on the refunding Parity Bonds in each fiscal year in which any Bonds are outstanding does not exceed by more than \$5,000 the amount of the Annual Debt Service in that fiscal year on the 1991 Bonds being refunded.

(d) The Agency may issue subordinate obligations which have a lien on the Tax Increment Revenues which is subordinate to the lien of the Bonds, but only as provided in this subsection. Debt service on such subordinate obligations shall be payable solely from the General Account.

Section 11. Amendment.

(a) This resolution may be amended or supplemented without the consent of the Bondowners for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Agency contained in this resolution any other covenants or agreements for the benefit of Bondowners thereafter to be observed by the Agency or to surrender any right or power herein reserved to or conferred on the Agency provided the Agency obtains an opinion of nationally recognized bond counsel that such amendment will not cause interest on the 1991 Bonds to be includable in gross income for federal income tax purposes;

(ii) To cure any ambiguity or formal defect provided the Agency obtains an opinion of nationally recognized bond counsel that such amendment will not cause interest on the Bonds to be includable in gross income for federal income tax purposes;  
or

(iii) To issue Parity Bonds or subordinate obligations in accordance with Section 10 hereof.

(b) This resolution may be amended for any other purpose only upon consent of the Owners of not less than sixty (60) percent of the aggregate principal amount of 1991 Bonds then outstanding; provided, however, that no amendment shall be valid without the consent of the Owners of all affected 1991 Bonds which:

(i) Extends the maturity of any 1991 Bond, reduces the rate of interest upon any 1991 Bond, or reduces the amount of principal or premium payable on any 1991 Bond; or

(ii) Reduces the percentage of Owners required to approve an amendment to this resolution.

Section 12. Defeasance. 1991 Bonds shall be deemed paid if direct obligations of the United States, or obligations guaranteed by the United States, are irrevocably deposited in escrow in amount sufficient, without reinvestment, to pay all principal, interest, and redemption premium (if any) on the 1991 Bonds as they become due, either at maturity or upon prior redemption and the Agency obtains:

(a) a verification report from a nationally recognized independent certified public accountant to the effect that the cash and securities irrevocably placed in escrow and sufficient to pay the 1991 Bonds being defeased when due without reinvestment; and

(b) an opinion of nationally recognized bond counsel to the effect that such bonds have been defeased, are no longer outstanding under this Resolution and the defeasance will not cause interest on any such defeased bonds to become includable in gross income under the Code (provided that the opinion may assume the Agency will comply with any covenants it makes in connection with the defeasance.

Section 13. Sale of Bonds. The 1991 Bonds shall be sold to Security Pacific Securities (the "Underwriter") in accordance with a Bond Purchase Agreement to be negotiated and approved by the Finance Director. The Finance Director is hereby authorized, on behalf of the Agency:

(a) To determine the dates, amounts and interest rates applicable to each maturity of the 1991 Bonds;

(b) To approve and authorize the distribution of preliminary and final official statements for the 1991 Bonds;

(c) To execute the final Bond Purchase Agreement; and

(d) To execute all documents on behalf of the Agency and to take any other action which is desirable in order to issue, sell and deliver the 1991 Bonds in accordance with this Resolution.

Section 14. Disposition of 1991 Bond Proceeds. The proceeds of the 1991 Bonds shall be disbursed as follows in the order of priority indicated:

First, interest accrued from the dated date of the Series A Bonds until the Closing shall be deposited to the Series A Bond Account and shall be used to pay interest on the Series A Bonds on the next Payment Date;

Second, interest accrued from the dated date of the Series B Bonds until the Closing shall be deposited to the Series B Bond Account and shall be used to pay interest on the Series B Bonds on the next Payment Date;

Third, an amount equal to the Reserve Requirement applicable to the Series A Bonds shall be deposited to the Series A Reserve Account and utilized in accordance with the terms of this Resolution;

Fourth, an amount equal to the Reserve Requirement applicable to the Series B Bonds shall be deposited to the Series B Reserve Account and utilized in accordance with the terms of this Resolution;

Fifth, one-half (1/2) of the remaining proceeds of the Series A Bonds shall be deposited to the Series A Restricted Account and one-half (1/2) of the remaining proceeds of the Series B Bonds shall be deposited to the Series B Restricted Account. Funds on deposit in the Series A Restricted Account and the Series B Restricted Account may be invested in accordance with Oregon law and shall be held by the Agency and applied in accordance with Section 6(i) hereof.

Sixth, the balance of the proceeds of the Series A Bonds shall be deposited to the Series A Proceeds Account and utilized in accordance with Sections 3 and 5 hereof.

Seventh, the balance of the proceeds of the Series B Bonds shall be deposited to the Series B Proceeds Account and utilized in accordance with Sections 3 and 5 hereof.

Section 15. Agency Covenants. The covenants and agreements of the Agency contained herein shall be binding and enforceable against the Agency so long as the Agency is legally authorized to perform such covenants and agreements.

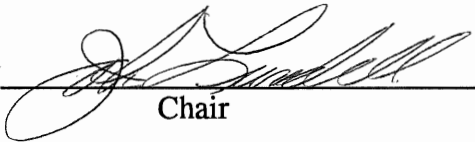
Section 16. Bond Counsel. The Agency appoints Rankin Mersereau & Shannon to serve as Bond Counsel in connection with the issuance of the 1991 Bonds.

Section 17. Official Statement. The Agency shall prepare, with the assistance of the Underwriter, a preliminary official statement with respect to the Bonds. When advised by staff 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 light of the circumstances under which they are made, the Finance Director is authorized to certify the accuracy of the Official Statement on behalf of the Agency. Pursuant to Securities and Exchange Commission Rule 15c2-12, the Agency deems the preliminary official statement as final as of its date except for the omission of information

dependent upon the pricing of the issue and the completion of the underwriting agreement such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds dependent on the foregoing matters.

ADOPTED this 11th day of September, 1991.

URBAN RENEWAL AGENCY OF THE  
CITY OF THE DALLES

By  \_\_\_\_\_  
Chair

ATTEST:

By  \_\_\_\_\_  
Vice Chair