



URA RESOLUTION 2008-013

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON APPROVING INTERIM FINANCING IN THE MAXIMUM AMOUNT OF \$7,065,000 TO FINANCE URBAN RENEWAL PROJECTS IN THE SHERWOOD URBAN RENEWAL AREA

WHEREAS, the Urban Renewal Agency of the City of Sherwood (the "Agency") is authorized by ORS Chapter 457 to incur indebtedness to incur indebtedness to finance urban renewal projects in the Sherwood Urban Renewal Area (the "Area"); and,

WHEREAS, the Agency's urban renewal plan (the "Plan") establishes a maximum indebtedness for the Area of \$35,347,600; and,

WHEREAS, incurring additional indebtedness of \$7,065,000 will not cause the Area to exceed its maximum indebtedness; and,

WHEREAS, Bank of America, N. A. (the "Bank") has submitted a proposal to provide the interim financing that is attached to this resolution as Exhibit 1; now, therefore, it is hereby

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SHERWOOD URBAN RENEWAL AGENCY:

Section 1. Interim Financing Authorized.

The Agency is hereby authorized to enter into one or more lines of credit or similar interim financing agreement (a "Line") with the Bank in a maximum principal amount of \$7,065,000, substantially in accordance with the Bank's proposal that is attached to this resolution as Exhibit 1, but with such changes as the Urban Renewal Agency Manager or the Urban Renewal Agency Finance Director (each of whom is referred to in this resolution as an "Agency Official") may approve.

Section 2. Security.

The Line shall be a special obligation of the Agency that is payable solely from the tax increment revenues of the Area, the proceeds of any future borrowing to refinance the Line, and any unexpended proceeds of the Line.

Section 3. Delegation.

Each Agency Official is hereby authorized, on behalf of the Agency and without further action by the governing body of the Agency, to:

- (1) establish the final principal amount, maturity schedule, interest rates, redemption terms, and other terms of the Line;
- (2) negotiate the terms of, and execute and deliver, the Line and any documents that the Agency Official determines are desirable to obtain the Line;
- (3) covenant to protect the excludability of interest on the Line from gross income under the Code, and designate the Line as a "qualified tax-exempt obligation" under Section 265 of the Code as necessary;
- (4) take any other action in connection with the Line which is consistent with this resolution and which the Agency Official finds will be advantageous to the Agency.

Duly passed by the Urban Renewal Agency Board of Directors this 20th day of May, 2008.

**Urban Renewal Agency of City of
Sherwood, Oregon**



Keith Mays, Board Chair

Attest:



Sylvia Murphy, City Recorder

Exhibit 1

2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility

This 2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility is entered into between the Urban Renewal Agency of the City of Sherwood, Oregon (the “Agency”) and Bank of America, N.A. (the “Bank”) as of this ___ day of May, 2008.

1. Definitions.

For purposes of this Facility, the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Authorizing Resolution” means Agency Resolution No. 2008-___, adopted ____, 2008, authorizing this Facility and the Note.

“Bank” means Bank of America, N.A., or its successors.

“Banking Day” means any day (other than a Saturday or a Sunday) on which the Bank of America, N.A., is open for business in Oregon, New York, and London and dealing in offshore dollars.

“Agency” means the Urban Renewal Agency of the City of Sherwood, Oregon.

“Agency Council” means the City Council of the City of Sherwood, Oregon, acting as the governing body of the Agency pursuant to ORS 457.035.

“Agency Official” means the person designated by the Agency Council to act on behalf of the Agency under this Facility.

“Area” means the Sherwood Urban Renewal Area described in the Plan.

“Code” means the Internal Revenue Code of 1986, as amended.

“Draw” means a loan to the Agency under this Facility.

“Draw Certificate” means a request for a draw under this Facility which is substantially in the form attached to this Facility as Exhibit B.

“Event of Default” means the declaration by the Bank of an Event of Default as a result of a determination by the Bank that there has been: (i) a failure to pay principal or interest on the Note when due, as provided in the Note and this Facility; or (ii) a failure by the Agency to comply with any of its obligations, or to perform any of its duties, under this Facility or the Note, which failure continues and is not cured for a period of more than sixty (60) days after the Bank has made written demand on the Agency to cure such failure; or (iii) a material misrepresentation by the Agency in this Facility or the Note.

“Facility” means this 2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility.

“Facility Amount” means \$[amount].

“Facility Rate” means the rate at which each Draw bears interest, which shall be the LIBOR Option or the Prime Option selected by the Agency, rounded to the nearest 1/100 of one percent, except as provided in Section ?? (default rate).

“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 Oregon Law.

“LIBOR Rate” means, means, for any applicable Rate Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the Rate Period, for U.S. Dollar deposits (for delivery on the first day of such Rate Period) with a term equivalent to such Rate Period. If such rate is not available at such time for any reason, then the rate for that Rate Period will be determined by such alternate method as reasonably selected by the Bank.

“London Banking Day” means a day on which banks in London are open for business and dealing in offshore dollars.

“Maturity Date” means the second anniversary of the closing of this Facility, unless this Facility is extended pursuant to its Section 6, in which case the Maturity Date shall be the date to which final payment of this Facility and the Note are extended.

“Note” means the 2008 Sherwood Urban Renewal Area Credit Facility Note evidencing the amounts owed under this Facility, which shall be in substantially the form attached to this Facility as Exhibit A.

“Outstanding Balance” means, at any time, the sum of all Draws, less the sum of all Note principal repayments which have been received by the Bank.

“Plan” means the Agency's Sherwood Urban Renewal Area Urban Renewal Plan that was approved by City Ordinance No. ____, on ____, as that plan has been, and may in the future be, amended.

“Prime Rate” means the rate of interest publicly announced from time to time by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank’s cost and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank’s Prime Rate.

“Project” means the [describe projects] in the Sherwood Urban Renewal Area.

“Rate Period” means a period from one (1) month up to twelve (12) months for the LIBOR Rate Options, and any number of days which the Agency may select for the Prime Rate Option.

“LIBOR Option” means a fixed rate equal to sixty-three and one-half percent (63.5%) of the LIBOR Rate for the applicable Rate Period, plus a spread of one and sixty-one hundredths percent (1.61%).

“Prime Option” means a fully floating, annual rate equal to sixty-three and one half percent (63.5%) of the Prime Rate, minus a spread of twelve hundredths of one percent (0.12%).

“Tax Increment Revenues” means the amount of taxes calculated based on the increase in value of property in the Area which are payable to the Agency as permitted by Article IX, Section 1c of the Oregon Constitution. The Agency is not authorized to levy taxes in connection with the Area pursuant to Article XI, Section 11(16) of the Oregon Constitution and ORS 457.435(2)(a), and “Tax Increment Revenues” does not include the proceeds of any such levy.

2. Recitals.

The Agency Council has adopted the Authorizing Resolution, which authorized the Agency to borrow up to \$[amount] under ORS 288.165 to finance costs of the Project, costs of obtaining this Facility and interest that accrues on this Facility through the Maturity Date.

3. Facility.

3.1. The Bank hereby agrees to make loans to the Agency under this Facility when the Agency files Draw Certificates, subject to the terms and conditions contained in this Facility and the Note, in an aggregate amount not to exceed the Facility Amount. The Agency agrees to use the Draws for the purposes specified in Section 2 of this Facility.

3.2. Each Draw under this Facility shall bear interest at the Facility Rate option specified by the Agency in accordance with Section 7 of this Facility, calculated on an actual/360-day basis, and payable quarterly in arrears on the first days of February, May, August and November of each year, and on the final maturity date of the Note. The first interest payment is due on August 1, 2008. Unless this Facility is extended in accordance with Section 6 of this Facility, the Outstanding Balance, plus accrued interest, shall be paid no later than the Maturity Date.

4. Prepayment.

4.1. Optional Prepayment.

(a) The Outstanding Balance may be prepaid at any time at the option of the Agency without penalty, except as provided below in Section 4.1(b). Prepayments by the Agency to the Bank shall be applied first, to pay accrued interest on the amount prepaid, and second, to reduce the outstanding principal amount of the Draws specified by the Agency. This Facility is non-revolving; when the Agency prepays the Outstanding Balance, it may not reborrow that amount.

- (b) If a Draw which bears interest at the LIBOR Rate Option is prepaid prior to the end of its Rate Period, the Agency shall pay the Bank a prepayment fee which is equal to the amount by which:
 - (i) The additional interest that would have been payable on the amount prepaid had it not been paid until the last day of the Rate Period, exceeds
 - (ii) The interest which would have been recoverable by the Bank by investing the amount prepaid at the LIBOR Rate for a period starting on the date on which it was prepaid and ending on the last day of the Rate Period. If a LIBOR Rate is not available for that period, the rate for that period shall be determined using a straight line interpolation between the LIBOR Rates for the closest available periods.

5. Security for Facility.

5.1. This Facility is a special obligation of the Agency that is payable solely from the Tax Increment Revenues for credit to the Facility Account as provided in Section __, below. The Agency hereby pledges the Tax Increment Revenues to pay the amounts due under this Facility; however, the lien of this pledge is subordinate to the lien that secures the Agency's Senior Lien Obligations.

5.2. The Agency also pledges the following to secure its obligations under this Facility:

- (a) The proceeds of any obligations issued by the Agency to refinance its obligations under this Facility; and,
- (b) The unexpended proceeds of any Draws made under this Facility.

5.3. Except as provided in the next sentence and unless the Agency receives the prior written consent of the Bank, the Agency covenants not to issue any obligations that are secured by a lien on the Tax Increment Revenues that is equal or superior to the lien that secures this Facility. The Agency may issue obligations that are secured by a lien on the Tax Increment Revenues that is equal or superior to the lien that secures this Facility if the Agency pays the Outstanding Balance, plus accrued interest, on the date the Agency issues the obligations.

5.4. The Agency covenants:

- (a) to whatever action may be required to collect the full amount of the Divide the Taxes Revenues each Fiscal Year; and,
- (b) to issue obligations on or before the Maturity Date in amounts sufficient, with other resources available to the Agency, to pay all amounts due under this Facility.

5.5. The Agency has previously established the Tax Increment Fund. While this Facility is in effect, the Agency shall deposit into the Tax Increment Fund all Tax Increment Revenues it receives and all earnings on the Tax Increment Revenues, and shall apply amounts in the Tax Increment Fund only for the following purposes in the following order of priority:

- (a) to make any payments then due on Senior Lien Bonds and make any deposits the Agency is then required to make to replenish reserves for Senior Lien Bonds;
- (b) to pay amounts due under this Facility.

6. Extension.

This Facility may be extended only by written agreement of the Agency and the Bank.

7. Draws, Rate Selection; Accounting and Billing.

7.1. The Agency may make Draws under this Facility through the Maturity Date.

7.2. The Agency Official shall file a Draw Certificate for each Draw, in substantially the form attached to this Facility as Exhibit B, with the information and certifications shown in Exhibit B. Draw Certificates shall be filed at least three (3) Banking Days before the date on which the Agency requests that the Draw be disbursed to the Agency.

7.3. Each Draw shall bear interest at the Facility Rate option specified by the Agency in the Draw Certificate for the Rate Period specified in the Draw Certificate. Not less than three (3) Banking Days prior to the expiration of the Rate Period for each outstanding Draw, the Agency shall select the Facility Rate option and Rate Period that shall apply to that Draw when the existing Rate Period expires, and shall notify the Bank of the Agency's selection. The notice shall be given by facsimile or other method acceptable to the Bank, and shall be in substantially the form attached as Exhibit C. If the Agency fails to specify a Rate Period and a Facility Rate option prior to the expiration of a Rate Period as required by this Section 7.3, the Facility Rate option for that Draw shall be the applicable Prime Rate option until the Agency notifies the Bank in accordance with this Section 7.3.

7.4. Each Draw using a Prime Rate Option may be made in any principal amount. A Draw using a LIBOR Rate Option will be for an amount not less than One Hundred Thousand Dollars (\$100,000.00).

7.5. The LIBOR Rate Option is available only for Rate Periods that end on or before the Maturity Date.

7.6. The Bank shall provide the Agency a written accounting of all Draws, payments and other transactions relating to this Facility quarterly. The Bank shall send the Agency a bill for the amount due on each Facility interest payment date, not later than ten (10) Banking Days prior to that interest payment date. The calculation will be made on the assumption that no new Draws will be advanced between the date of the billing statement and the due date, and that there will be no changes in the applicable Facility Rate.

8. Other Obligations.

The Agency reserves the right to pledge its full faith and credit for other purposes without limitation by this Facility.

9. Tax-Exemption.

9.1. If the Agency requests and receives any Draws that bear interest at the TXBQ LIBOR Option, the TXNBQ LIBOR Option, the TXBQ Prime Option or the TXNBQ Prime Option, the Agency covenants for the benefit of the Bank to comply with all provisions of the Code which are required for interest on this Facility and the Note to be excluded from gross income under the Code. In determining what actions are required to comply, the Agency may rely on an opinion of nationally recognized bond counsel. The Agency makes the following specific covenants with respect to the Code:

- (a) The Agency will not take any action or omit any action if it would cause this Facility or the Note to become an “arbitrage bond” under Section 148 of the Code;
- (b) The Agency shall not take any action that would cause this Facility or the Note to be a private activity bond within the meaning of Section 141 of the Code;
- (c) The Agency shall pay, when due, all rebates and penalties with respect to this Facility and the Note that are required by Section 148(f) of the Code.

9.2. If the Agency requests and receives any Draws that bear interest at the TXBQ LIBOR Option or the TXBQ Prime Option, the Agency represents that it shall have designated this Facility or the Note as a “qualified tax-exempt obligation” under Section 265 of the Code.

9.3. Any covenants relating to this Section 9 in the closing documents for this Facility and the Note shall constitute contracts with the Bank, and shall be enforceable by the Bank.

10. Default.

10.1. If an Event of Default occurs, the Bank may exercise any remedy available at law or in equity; however, the amounts due under this Facility shall not be subject to acceleration. However, if an Event of Default described in clause (i) of the definition of “Event of Default” occurs, or if an Event of Default occurs due to a failure by the Agency to comply with its obligations set forth in Section 9 above, the Bank may declare that the Outstanding Balance shall bear interest at two percentage points per annum above the applicable Facility Rate. No remedy shall be exclusive. The Bank may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

10.2. If the Bank is in default of any of its obligations under this Facility or the Note, the Agency may exercise any remedy available at law or in equity. No remedy shall be exclusive. The Agency may waive any Bank default, but no such waiver shall extend to a subsequent Bank default.

11. Fees, Costs and Expenses.

11.1. **Bank Fees.** The Agency shall pay the Bank an origination fee in connection with this Facility of \$1,500.00 (which equals ten hundredths of one percent (0.1%) of the Facility Amount).

11.2. **Costs of Enforcement.** If either party incurs any expenses in connection with enforcing this Facility, or if the Bank takes collection action under this Facility, the losing party shall pay to the prevailing party, on demand, the prevailing party's reasonable costs and reasonable attorneys' fees, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.

11.3. **Other Fees and Costs.** The Agency shall pay the fees and costs of Preston Gates & Ellis LLP ("Note Counsel"), and any other expenses and costs which the Agency incurs in connection with this Facility. The Agency shall pay the Bank's costs and expenses associated with the execution of this Facility, including the costs of Bank's counsel to review this Facility, in an aggregate amount not to exceed \$1,200.00.

12. Representations, Warranties and Agreements of the Agency.

By executing this Facility in the space provided below, the Agency represents and warrants to, and agrees with the Bank that:

12.1. The Agency is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Facility and perform its duties under the Authorizing Resolution and this Facility, and that the Authorizing Resolution, this Facility and the Note will constitute legal, valid and binding obligations of the Agency which are enforceable in accordance with their terms.

12.2. The acceptance of this Facility, the adoption of the Authorizing Resolution and the execution and delivery of the Note will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, resolution or other agreement to which the Agency is a party or by which it is bound.

12.3. Except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, Agency or body pending or, to the best of the knowledge of the Agency, threatened against the Agency to restrain or enjoin the acceptance of this Facility, the adoption of the Authorizing Resolution or the execution and delivery of the Note, or the collection and application of the funds as contemplated by the Authorizing Resolution and this Facility, which, in the reasonable judgment of the Agency, would have a material and adverse effect on the ability of the Agency to pay the amounts due under this Facility.

12.4. To the extent permitted by law, the Agency agrees to indemnify and hold harmless the Bank and all of its agents and employees against any and all losses, claims, damages, liabilities and expenses arising out of any statement made by the Agency to the Bank, its agents or employees, which relates to this Facility or the Note, and which is untrue or incorrect in any material respect.

12.5. The Agency agrees that it shall, if then permitted by law, issue bonds or other obligations on or before the Maturity Date in an amount sufficient, together with other resources of Agency, to pay all amounts due under this Facility.

12.6. The Agency agrees that it shall not, unless it obtains the prior written consent of the Bank, issue any obligations that have a lien on the proceeds of any borrowings the Agency makes to refinance this Facility or the unexpended proceeds of any Draws, unless that lien is subordinate to the lien of the pledge that secures this Facility and the Note.

13. Reporting to Bank.

While this Facility is in effect the Agency shall provide the Bank with:

13.1. A copy of each of the Agency's final, annual audited financial statements within 210 days after the end of each fiscal year.

13.2. Each budget of the Agency which is adopted, within forty-five (45) days after each budget is adopted.

13.3. Prompt notice of the occurrence of any event that may prevent the Agency from issuing bonds or other obligations to refinance this Facility and the Note by the Maturity Date.

13.4. Such other financial information as the Bank may reasonably request from time to time.

14. Conditions to the Obligations of the Bank.

The Bank may at any time refuse to advance funds under this Facility:

14.1. If there has occurred:

- (a) a declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community and the United States which in the reasonable opinion of the Bank materially disrupts the ability of the Bank to advance funds under this Facility;
- (b) a declaration of a general banking moratorium by federal, New York, California or Oregon authorities, or the general suspension of trading on any national securities exchange, which in the reasonable opinion of the Bank materially disrupts the ability of the Bank to advance funds under this Facility.

14.2. If on or prior to the execution of this Facility the Bank shall not have received:

- (a) an opinion of Note Counsel to the effect that the Facility and Note are valid and legally binding full faith and credit obligations of the Agency enforceable against the Agency in accordance with their terms
- (b) an opinion of Note Counsel that interest on the Facility and Note are excludable from gross income under the Code, and that the Agency has designated this Facility and the Note as a "qualified tax-exempt obligation" under Section 265 of the Code.
- (c) the certificate of a Agency Official to the effect that:

- (i) except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, Agency or body pending or, to the best of the knowledge of the Agency, threatened against the Agency to restrain or enjoin the adoption of the Authorizing Resolution or the execution and delivery of this Facility and the Note, or the collection and application of funds as contemplated by this Facility or the Note, which, in the reasonable judgment of the Agency, would have a material and adverse effect on the ability of the Agency to pay the amounts due under this Facility, and
- (ii) the adoption of the Authorizing Resolution and the execution and delivery of this Facility and the Note do not and will not conflict in any material respect with or constitute on the part of the Agency a breach of or default under any law, charter provision, court decree, administrative regulation, resolution or other agreement or instrument to which the Agency is a party or by which it is bound.

14.3. If the Bank reasonably determines that:

- (a) the representations and warranties of the Agency in this Facility, the Authorizing Resolution or a Draw Certificate (Exhibit B to this Facility) were untrue in any material respect when made, or have become untrue; or
- (b) there has been a material, adverse change in the financial condition of the Agency; or
- (c) an Event of Default has occurred and is continuing.

15. Arbitration and Waiver of Jury Trial

15.1. This Section 15 concerns the resolution of any controversies or claims between the parties, whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this Facility or the Note (including any renewals, extensions or modifications); or (ii) any document related to this Facility or the Note (collectively a "Claim"). For the purposes of this arbitration provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this agreement.

15.2. At the request of any party to this Facility, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this Facility provides that it is governed by the law of the State of Oregon. The arbitration will take place on an individual basis without resort to any form of class action.

15.3. Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this paragraph. In the event of any inconsistency, the terms of this paragraph shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, any party to this Facility may substitute another arbitration organization with similar procedures to serve as the provider of arbitration.

15.4. The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the State of Oregon. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed, judgment entered and enforced.

15.5. The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Facility.

15.6. This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

15.7. The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

15.8. By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this Facility to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the parties entering into this Facility.

16. Notices.

Any notices required to be given pursuant to this commitment letter or this Facility shall be given to the following addresses:

Agency:

Urban Renewal Agency of the City of Sherwood
[insert contact address]

Bank:

Bank of America, N.A.
Government Banking [OR 1-129-17-15]
1700 Bank of America Financial Center
121 S.W. Morrison Street
Portland, OR 97204-3117

17. Survival; Facility Constitutes Contract.

This Facility may not be assigned by the Agency or the Bank without the other's consent. All representations, warranties, and agreements contained in this Facility shall survive the execution, delivery and payment of this Facility. This Facility and the Note shall constitute a contract between the Agency and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.

18. Applicable Law.

This Facility shall be governed and interpreted in accordance with the laws of the State of Oregon.

19. Severability and Waivers.

If any part of this Facility is not enforceable, the rest of the Facility may be enforced. The Bank retains all rights, even if it makes a loan after default. If the Bank or the Agency waives a default, it may enforce a later default. Any consent or waiver under this Facility must be in writing.

20. Counterparts.

This Facility may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

21. Written Agreements.

Under Oregon law, most agreements, promises and commitments made by the Bank concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Bank to be enforceable.

DATED as of the ___th day of _____, 2008.

BANK OF AMERICA, N.A.

By: _____
Authorized Officer

OREGON **URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD,**

By: _____
Ross Schultz, Agency Manager

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF OREGON
URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD**

2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility Note

The Urban Renewal Agency of the City of Sherwood, Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay to the order of Bank of America, N.A. (the "Bank"), the Outstanding Balance, in a principal amount of not more than SEVEN MILLION SIXTY-FIVE THOUSAND DOLLARS (\$[7,065,000]), together with interest on each Draw from its date to the date of its payment at the applicable Facility Rate option, calculated on an actual/360-day basis, as provided in the 2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility between the Agency and the Bank which is dated as of ____, 2008 (the "Facility"). Interest on this Note is payable quarterly in arrears beginning August 1, 2008. All principal and interest on this Note is due and payable on the Maturity Date, as defined in the Facility, unless the Facility is extended in accordance with its Section 6.

This Note has been authorized by Agency Authorizing Resolution No. 2008-__ adopted ____, 2008 (the "Authorizing Resolution") and executed pursuant to the Facility. The provisions of the Authorizing Resolution and the Facility are incorporated herein by reference; capitalized terms used but not defined in this Note have the meanings defined for such terms in the Facility.

If an Event of Default occurs, the Bank may exercise those remedies provided in the Facility.

If legal action is taken by the holder of this Note to enforce the provisions of this Note, the Authorizing Resolution, or the Facility, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, including fees and costs at trial, on appeal or otherwise.

This Note is executed by the Agency to finance costs urban renewal projects in the Sherwood Urban Renewal Area and costs relating to the Facility and this Note as provided in the Facility, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

This Note is subject to optional prepayment as provided in the Facility. The Bank may not assign its rights under this Note without the consent of the Agency.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Note have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; and that this Note and all other obligations of such Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF THIS FACILITY, the Agency has caused this Note to be executed by the manual signature of its Agency Official, as of this __th day of ____, 2008.

Urban Renewal Agency of the City of Sherwood, Oregon

By: _____
Agency Official

EXHIBIT B

DRAW CERTIFICATE NO. _____

Urban Renewal Agency of the City of Sherwood, Oregon
2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility

TO: **BANK OF AMERICA, N.A., PORTLAND, OREGON**

On behalf of the Urban Renewal Agency of the City of Sherwood (the "Agency"), I hereby certify that:

1. I am a Agency Official of the Agency, as defined in the 2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility which is dated as of May 17, 2008 (the "Facility"), and I am authorized to request this Draw under the Facility and to make the representations on behalf of the Agency in this certificate. Capitalized terms used in this draw certificate have the meanings defined for such terms in the Facility.

2. The Agency requests a Draw under the Facility in the amount of :

\$ _____

The amount of this Draw, plus all previous Draws of the Agency under the Facility, do not exceed the Facility Amount, as defined in the Facility. Please disburse the Draw to the Agency on

(insert date),

by wiring funds to the Agency as follows: [insert account]

3. This Draw shall bear interest at (check one of the following):

the Prime Option.

the LIBOR Option for a _____ [insert 1-12] Month Rate Period.

4. The Draw will be expended for purposes authorized by the Facility and the Authorizing Resolution.

5. Except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, Agency or body pending or, to the best of the knowledge of the Agency, threatened against the Agency to restrain or enjoin the adoption of the Authorizing Resolution or the execution and delivery of this Facility and the Note, or the collection and application of funds as contemplated by this Facility or the Note, which, in the reasonable judgment of the Agency, would have a material and adverse effect on the ability of the Agency to pay the amounts due under this Facility.

6. All representations of the Agency in the Facility were true and correct when made, and remain true and correct on this date.

7. No Event of Default has occurred and is continuing.

Dated as of this ___ day of _____, _____.

**URBAN RENEWAL AGENCY OF THE CITY OF
SHERWOOD, OREGON**

By: _____
Agency Official

EXHIBIT C

RATE CERTIFICATE NO. _____

Urban Renewal Agency of the City of Sherwood, Oregon
2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility

TO: BANK OF AMERICA, N.A.
SHERWOOD, OREGON

DATE OF RATE CERTIFICATE: _____

On behalf of the Urban Renewal Agency of the City of Sherwood (the "Agency"), I hereby certify that:

1. I am a Agency Official of the Agency, as defined in the 2008 Sherwood Urban Renewal Area Non-Revolving Credit Facility which is dated as of May 17, 2008, (the "Facility"), and I am authorized to file this Rate Certificate under the Facility and to make the representations on behalf of the Agency in this certificate.

2. The Agency requests that

Draw No. _____,

which was requested under

Draw Certificate No. _____

in the original principal amount of

\$ _____

bear interest at (check one of the following):

- the Prime Option.
 the LIBOR Option for a _____ [insert 1-12] Month Rate Period.

3. If the Draw will bear interest at a LIBOR Rate Option, the Draw Rate Period

shall begin (check one):

- At the end of the current Rate Period, or
 On _____ (insert date at least three (3) Banking Days after this certificate is given to the Bank).

URBAN RENEWAL AGENCY OF THE CITY OF
SHERWOOD, OREGON

By: _____
Agency Official