

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 50

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF URBAN RENEWAL REFUNDING BONDS, SERIES 1998B.

WHEREAS, the Urban Renewal Agency of the City of Wilsonville (the "Agency") finds that interest rates have declined since the Agency's Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996 were issued; and,

WHEREAS, the Agency can reduce its debt service payments by issuing its Urban Renewal Refunding Bonds, Series 1998B, to refund the Agency's outstanding Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996; and,

WHEREAS, the Agency finds it desirable to sell its Urban Renewal Refunding Bonds, Series 1998B to Bank of America National Trust and Savings Association; and,

WHEREAS, when the Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996, are paid, all bonds issued under Agency Resolution No. 18 will have been paid, and the Urban Renewal Refunding Bonds, Series 1998B and all obligations issued on a parity with the Urban Renewal Refunding Bonds, Series 1998B will have a first lien on the tax increment of the Year 2000 Urban Renewal Area; and,

WHEREAS, the City of Wilsonville has chosen Option One for the Year 2000 urban renewal area as provided in ORS 457.435(2)(a) and the City of Wilsonville (the "City") and the Agency are authorized to impose the special levy described in that statute; and,

WHEREAS, the City has approved a maximum indebtedness for the Year 2000 urban renewal area of \$53,851,923, including the outstanding Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996, and the Agency has issued its \$3,000,000 Urban Renewal Bond, Series 1998, leaving the Agency \$50,851,923 of additional capacity to incur indebtedness for the Area; and,

WHEREAS, the Urban Renewal Refunding Bonds, Series 1998B will be issued to refund the Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996, so the Urban Renewal Refunding Bonds, Series 1998B will not be included as new indebtedness which is subject to the maximum indebtedness limitation for the Year 2000 urban renewal area; now, therefore,

NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

Section 1. Definitions.

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

“Agency Official” means the Finance Director of the City or the person designated in writing by the Finance Director to act as Agency Official under this Resolution.

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

“Area” means the Year 2000 Urban Renewal Area which is described in the Plan, and all additions thereto.

“Bond Account” means the account of that name in the Tax Increment Fund.

“Bond Year” means the twelve month period beginning on November 1 of each year, and ending on October 31 of the following year.

“Bonds” means the Series 1998B Bonds and any Parity Bonds.

“City” means the City of Wilsonville, 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.

“Closing” means the date on which a Series of Bonds are delivered in exchange for payment.

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

“Debt Service” means the Bonds principal, interest and any premium.

“Direct Obligations” means direct obligations of the United States, and any obligations the payment of which is fully and unconditionally guaranteed by the United States.

“Fiscal Year” means the one year period commencing July 1 and ending the following June 30.

“Maximum Annual Debt Service” means the greatest amount of Bond principal and interest which are scheduled to be paid in any single fiscal year on Bonds which are Outstanding, including any payments because of mandatory redemption.

“Maximum Tax Increment Revenues” for any Fiscal Year means an amount equal to the sum of: (a) the “divide the taxes” collections under ORS 457.440 for the Area; plus, (b) the collections which would have resulted in that Fiscal Year if the Agency had imposed the largest lawful special levy (as described in ORS 457.435(2)(a)) for the Area; plus (c) any collections in that Fiscal Year of delinquent payments of prior year’s divide the taxes and special levy certifications for the Area. As long as the Plan qualifies as an “Existing Urban Renewal Plan” as defined in ORS 457.010(4) and the Agency has not issued indebtedness which exceeds the maximum indebtedness for the Area which was established in City Ordinance No. 498, “Maximum Tax Increment Revenues” shall equal the amount of the limitation described in ORS 457.435(3)(b).

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Resolution, except Bonds theretofore canceled or defeased pursuant to Section 9 of this resolution, and any Bonds which are payable on presentation, have matured, and have not been presented for payment (provided sufficient funds to pay those Bonds have been transferred to the paying agent for those Bonds).

“Owners” means the Purchaser, as registered owner of the Series 1998B Bonds, and the registered owners of any Parity Bonds.

“Parity Bonds” means any Parity Bonds issued pursuant to Section 6.2 of this Resolution.

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

“Plan” means the Agency's Year 2000 Urban Renewal Plan, which is dated August 29, 1990, as amended by Ordinances No. 385, 416 and 498, and as the plan may be amended from time to time.

“Purchaser” means Bank of America National Trust and Savings Association.

“Reserve Account” means the account of that name in the Tax Increment Fund.

“Reserve Equivalent” means an insurance policy, surety bond or guarantee or letter of credit issued by a municipal bond insurance company, a domestic corporation or a commercial bank having a credit rating (when the policy, bond, or letter of credit is issued) of at least A by Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service, or their successors, in which the insurance company, corporation or commercial bank agrees unconditionally to provide the Agency with funds for the payment of Debt Service.

“Reserve Requirement” means 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 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 exceeds the Tax Maximum calculated with respect to that Series, then the Reserve Requirement means the Reserve Requirement in effect on the date of issuance of the Series (calculated as if the Series were not Outstanding), plus the Tax Maximum for the Series.

“Resolution” means this resolution authorizing the Series 1998B Bonds, as it may be amended from time to time pursuant to Section 8.

“Series 1998B Bonds” means the Agency's Urban Renewal Refunding Bonds, Series 1998B which are issued pursuant to Section 2 of this Resolution.

“Series” or “Series of Bonds” refers to all Bonds which are issued at one time, pursuant to a single resolution, ordinance or other authorizing document of the issuer, regardless of variations in maturity, interest rate or other provisions.

“Subordinate Indebtedness Account” means the account of that name in the Tax Increment Fund.

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

“Tax Increment Revenues” means (a) all revenues from the “divide the taxes” urban renewal collections under ORS 457.440 for the Area; plus, (b) all collections resulting from the special levy (as described in ORS 457.435(2)(a)); plus (c) all earnings on those amounts while they are held in the Tax Increment Fund.

“Tax Maximum” means, for any Series of Bonds, the lesser of: Maximum Annual Debt Service on the 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.

Section 1. The Series 1998B Bonds.

1.1 The Agency hereby authorizes the issuance of the Series 1998B Bonds in an aggregate principal amount sufficient to refund all of the Agency’s outstanding Urban Renewal Bonds, Series 1994 and Urban Renewal Bonds, Series 1996, and to pay costs of issuing the Series 1998B Bonds. The Series 1998B Bonds shall bear interest at rates that shall not exceed an effective true interest rate of five and one-half percent (5.50%) per annum, and shall mature on the dates and in the years and annual principal amounts determined by the Agency Official pursuant to Section 2.2, below.

1.2 The Series 1998B Bonds shall be sold to Bank of America National Trust and Savings Association, or its affiliates or successors (the “Purchaser”) in accordance with a bond purchase agreement to be negotiated and approved by the Agency Official. The Agency Official is hereby authorized, on behalf of the Agency and without further action by the Board of Directors of the Agency:

- (a) To determine the dates, amounts, interest rates, redemption provisions and other terms of the Series 1998B Bonds, subject to the limitations of this Resolution;
- (b) To negotiate the terms of and execute a bond purchase agreement, which establishes the price at which the Series 1998B Bonds shall be sold and such other terms as the Agency Official may approve;
- (c) To enter into additional covenants to enhance the security for the Bonds; 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 Series 1998B Bonds and refund the Series 1994 and Series 1996 Bonds in accordance with this Resolution.

1.3 The Agency covenants for the benefit of the Owners of the Series 1998B Bonds to comply with all provisions of the Code which are required for interest on the Series 1998B Bonds to be excluded from gross income for federal taxation purposes. In determining what

actions are required to comply, the City may rely on an opinion of nationally recognized bond counsel.

- (a) The Agency makes the following specific covenants with respect to the Code:
 - (i) The Agency will not take any action or omit any action if it would cause the Series 1998B Bonds to become "arbitrage Bonds" under Section 148 of the Code.
 - (ii) The Agency shall operate the facilities which are refinanced with the Series 1998B Bonds so that the Series 1998B Bonds do not become private activity Bonds within the meaning of Section 141 of the Code.
 - (iii) The Agency shall pay, when due, all rebates and penalties with respect to the Series 1998B Bonds which are required by Section 148(f) of the Code.
- (b) The Agency Official may designate the Series 1998B Bonds as "qualified tax-exempt obligations" under Section 265(b) of the Code.
- (c) The covenants contained in Section 2.3 and any covenants in the closing documents for the Series 1998B Bonds shall constitute contracts with the owners of the Series 1998B Bonds, and shall be enforceable by them.

1.4 The Series 1998B Bonds shall be signed with the manual or facsimile signatures of the Chair of the Agency and the Agency Official. The Series 1998B Bonds shall be in substantially the form attached to this Resolution as Exhibit A, with such changes as the Agency Official may approve.

Section 2. Security for Bonds.

2.1 The Bonds shall not be general obligations of the City or the Agency. The Bonds and their Debt Service shall be payable solely from the Tax Increment Revenues and amounts in the Tax Increment Fund as provided in this Resolution.

2.2 The Agency hereby irrevocably pledges the Tax Increment Revenues to pay the Bonds. To the extent that the Tax Increment Revenues on deposit in the Bond Account are not sufficient to pay Debt Service when due, the Agency covenants to pay such Debt Service from any amounts in the Tax Increment Fund. The Agency also pledges the proceeds of the Series 1998B Bonds to pay the Series 1998B Bonds.

2.3 On payment or defeasance of the Series 1994 Bonds and the Series 1996 Bonds, the Agency will have no obligations Outstanding to which the Tax Increment Revenues have been pledged, and the lien on, and pledge of, the Tax Increment Revenues to pay the Bonds and their Debt Service shall be superior to all other claims against the Tax Increment Revenues. At Closing of the Series 1998B Bonds the Agency shall prepay the Series 1996 Bonds and deposit amounts sufficient to pay the Series 1994 Bonds with the paying agent for the Series 1994

Bonds, or make other arrangements satisfactory to the Purchaser. The Agency Official shall call all outstanding Series 1994 bonds for redemption on December 1, 1998.

2.4 So long as Bonds are Outstanding, the Agency covenants to impose a special levy (as described in ORS 457.035(2)(a)) in an amount which, when added to the divide the taxes collections described in ORS 457.440, will result in the Agency obtaining a total amount of Tax Increment Revenues for the Fiscal Year which is at least equal to the lesser of:

- (a) one hundred twenty percent of the Debt Service which is scheduled to be paid in that Fiscal Year; or,
- (b) the Maximum Tax Increment Revenues.

2.5 The provisions of this Resolution shall constitute a contract with the Owners, and shall be enforceable by them.

Section 3. The Tax Increment Fund.

3.1 The Tax Increment Fund shall be divided into a Bond Account, a Reserve Account, and a Subordinate Indebtedness Account.

3.2 Each Bond Year the Agency shall deposit all Tax Increment Revenues in its Tax Increment Fund, and shall credit each deposit to the following accounts within the Tax Increment Fund, in the following order of priority:

- (a) to the Bond Account, until the Bond Account contains an amount sufficient to pay all Debt Service which is scheduled to be paid during that Bond Year, including any Bond principal, interest, or premium on Bonds due as a result of mandatory redemption;
- (b) to the Reserve Account, if the balance in the Reserve Account is then less than the Reserve Requirement, until the Reserve Account contains an amount equal to the Reserve Requirement;
- (c) to the Subordinate Indebtedness Account any amounts which remain after the foregoing deposits have been made.

3.3 Money in the Bond Account shall be used only to pay Debt Service. While the Series 1998B Bonds are the only Bonds Outstanding, the Agency shall pay Series 1998B Bond principal, interest and premium, if any, directly to the Owner of the Series 1998B Bond. If the Agency issues Bonds which are not owned by the Owner of the Series 1998B Bond, the Agency may appoint a paying agent for all Bonds. If the Agency appoints a paying agent for all Bonds, the Agency shall transfer amounts in the Bond Account to the paying agent in sufficient time that the paying agent will be able to pay the Bonds when due. Amounts credited to the Bond Account shall be invested in the Oregon Short Term Fund/Local Government Investment Pool, or securities which are legal investments for local governments in the State of Oregon and which mature within one year.

3.4 Money in the Reserve Account shall be used only to pay Debt Service on Bonds, and only if sufficient funds are not available in the Bond Account or the Subordinate Indebtedness Account, as provided in Section 4.7. The Agency covenants to deposit the Reserve Requirement for each Series of Bonds into the Reserve Account at Closing of the Series. The Agency covenants to maintain, but solely from deposits of Tax Increment Revenues as provided in Section 4.2(b), a balance in the Reserve Account at least equal to the Reserve Requirement. Amounts credited to the Reserve Account shall be invested in the Oregon Short Term Fund/Local Government Investment Pool, or securities which are legal investments for local governments in the State of Oregon and which mature within five years.

3.5 Money in the Subordinate Indebtedness Account may be used at any time for any purpose permitted by Chapter 457 of the Oregon Revised Statutes. However, if there is a deficiency in the Bond Account or the Reserve Account, Tax Increment Revenues credited to the Subordinate Indebtedness Account shall be used to eliminate the deficiency (in the order of priority described in Section 4.7) before money in the Subordinate Indebtedness Account is used for any other purpose.

3.6 Earnings on all accounts in the Tax Increment Fund shall be credited to the Subordinate Indebtedness Account unless the balance in the Reserve Account is less than the Reserve Requirement. While the balance in the Reserve Account is less than the Reserve Requirement, earnings on all accounts in the Tax Increment Fund shall be credited to the Reserve Account.

3.7 Five (5) days before any payment of principal, premium or interest on the Bonds is due, if the balance in the Bond Account is less than the amount due, the Agency shall credit to the Bond Account an amount equal to the deficiency from the following accounts in the following order of priority:

- (a) the Subordinate Indebtedness Account; and
- (b) the Reserve Account.

Section 4. Use of Proceeds; Funding of Reserve Account.

4.1 The proceeds of the Series 1998B Bonds shall be applied first, to pay or defease all Series 1994 and Series 1996 Bonds, and second, any remaining proceeds shall be used by the Agency to pay costs of issuing the Series 1998B Bonds.

4.2 At closing of the Series 1998B Bonds, the Agency shall credit Tax Increment Revenues or other available funds to the Reserve Account in an amount equal to the Reserve Requirement.

Section 5. Superior, Parity and Subordinate Obligations.

5.1 Superior and Parity Liens.

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. The Agency covenants that it will issue obligations which have a lien or claim on the Tax Increment Revenues which is equal to the claim of the Bonds only as provided in Section 6.2 of this Resolution.

5.2 Parity Bonds.

- (a) The Agency may issue Parity Bonds for any lawful purpose if, on the date of delivery of the Parity Bonds:
 - (i) No Event of Default has occurred and is continuing; and
 - (ii) the balance in the Reserve Account is at least equal to the Reserve Requirement on all Outstanding Bonds (including the Parity Bonds being issued); and,
 - (iii) there is filed with the Agency either:
 - (A) The certificate of an Agency Official that the Past Tax Increment Revenues as defined below equaled or exceeded one hundred twenty percent (120%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; or
 - (B) The projection of an independent expert having a favorable reputation for accuracy and reliability in the projection of tax increment revenues and their collection, that the Current Tax Increment Revenues, as defined below, will equal or exceed one hundred twenty percent (120%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; or
 - (C) The projection of an independent expert having a favorable reputation for accuracy and reliability in the projection of tax increment revenues and their collection, that the Future Tax Increment Revenues, as defined below, equal or exceed one hundred thirty percent (130%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.
- (b) The Agency may issue Parity Bonds under this Resolution without meeting the requirements of Section 6.2, but only to refund Bonds, and only if the Debt Service on the refunding Parity Bonds does not exceed the Debt Service on the Bonds being refunded by more than \$5,000 in any Fiscal Year.
- (c) For purposes of Section 6.2(a)(iii) the following terms shall have the following meanings:
 - (i) "Past Tax Increment Revenues" means the Maximum Tax Increment Revenues for the Fiscal Year preceding the Fiscal Year in which the Parity Bonds are issued.

- (ii) "Current Tax Increment Revenues" means the Maximum Tax Increment Revenues which the independent expert projects for the Fiscal Year in which the Parity Bonds are issued, based on a review of the public records in the office of the Clackamas and Washington County Assessors.
- (iii) "Future Tax Increment Revenues" means the sum of: the Current Tax Increment Revenues; plus, seventy-five percent (75%) of the Maximum Tax Increment Revenues which the independent expert projects would have resulted for the Fiscal Year in which the Parity Bonds are issued, if Recent Construction had been completed in time to be placed on the tax rolls for that Fiscal Year
- (iv) "Recent Construction" means construction or improvements which were not completed in time to be placed on the tax rolls for the Fiscal Year in which a Series of Parity Bonds is issued, but were completed prior to the issuance of the Series of Parity Bonds. The independent expert may establish reasonable criteria for determining whether construction or improvements have been completed; these criteria shall be described in the independent expert's projection.

5.3 Subordinate Obligations. 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 debt service on such subordinate obligations shall be payable solely from amounts available in the Subordinate Indebtedness Account.

Section 6. Events of Default and Remedies

6.1 The Agency hereby finds and determines that the levy and collection each Fiscal Year of Tax Increment Revenues in the amounts described in Section 3.4 are essential to the payment and security of the Bonds, and the failure or refusal of the Agency to perform the covenants and obligations contained in this Resolution will impair the security for the Bonds.

6.2 The following shall constitute "Events of Default":

- (a) If the Agency shall fail to pay any Debt Service when due, either at maturity, upon exercise of a right of tender, by proceedings for redemption or otherwise; or
- (b) Except as provided in Section 7.3, if the Agency shall default in the observance and performance of any other of its covenants, conditions and agreements in this Resolution, if such default continues for ninety (90) days after the Agency receives a written notice, specifying the Event of Default and demanding the cure of such default, from the Purchaser (while the Series 1998B Bonds are Outstanding) or the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds Outstanding;

6.3 It shall not constitute an Event of Default:

- (a) Under Section 7.2(b) if the default cannot practicably be remedied within ninety days after the Agency receives notice of the default, so long as the Agency promptly

commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied.

- (b) Under Section 3.4 if the Agency certifies an amount the Agency reasonably projects will result in the Agency receiving an amount of Tax Increment Revenues for a Fiscal Year which complies with Section 3.4, if the failure is caused by unexpected reductions in tax levies by entities other than the Agency, by reductions in the assessed value of property in the Area, or by unexpected increases in tax payment delinquencies.

6.4 If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity including any remedies set forth in a bond purchase agreement. However, the Bonds shall not be subject to acceleration.

6.5 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 Tax Increment Revenues shall at all reasonable times be subject to the inspection and use of persons holding at least ten percent (10%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.

6.6 Waivers of Event of Default.

- (a) No delay or omission of any Owner 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 Section 7.4 to the Owners may be exercised from time to time and as often as may be deemed expedient by the Owners.
- (b) The Owners of not less than fifty percent (50%) in principal amount of the affected Bonds that are at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Owners of all of affected Bonds, waive any past default under this 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.

6.7 Remedies Granted in Resolution Not Exclusive.

No remedy granted to the Owners under this Resolution is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy granted by this Resolution.

Section 7. Amendment.

7.1 Amendment Without Owner Consent.

- (a) This Resolution may be amended or supplemented without the consent of the Owners 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 Owners thereafter to be observed by the Agency or to surrender any right of power herein reserved to or conferred on the Agency;
 - (ii) To cure any ambiguity or formal defect;
 - (iii) To issue subordinate obligations in accordance with Section 6.3;
 - (iv) To issue Parity Bonds in accordance with Section 6.2; or,
 - (v) To make any other change which is not described in subsections (a) or (b) of Section 8.2 and which, in the reasonable judgement of the Agency, does not materially and adversely affect the rights of Owners.
- (b) While the Series 1998B Bonds are Outstanding the Agency shall not make any amendments to this Resolution pursuant to Section 8.1 unless the Agency first obtains the prior written consent of the Purchaser.

7.2 Amendment With Owner Consent.

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 Bonds then Outstanding; provided, however, that no amendment shall be valid without the consent of the Owners of all affected Bonds which:

- (a) Extends the maturity of any Bond, reduces the rate of interest upon any Bond, or reduces the amount of principal or premium payable on any Bond; or
- (b) Reduces the percentage of Owners required to approve an amendment to this Resolution.

Section 8. Defeasance.

8.1 The Agency may defease and deem all or any portion of the Outstanding Bonds to be paid by:

- (a) irrevocably depositing cash or noncallable, nonprepayable Direct Obligations in escrow with an independent escrow agent which are calculated to be sufficient for the payment of Bonds which are to be defeased; and,
- (b) filing with the escrow agent an opinion from an independent certified public accountant or other qualified consultant to the effect that the money and the principal and interest to be received from the Direct Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and,

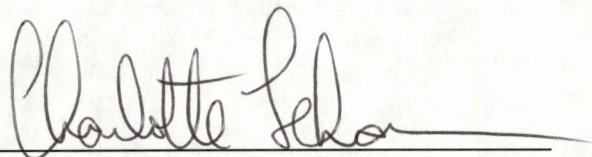
- (c) filing with the escrow agent an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on the defeased Bonds to be includable in gross income under the Code.

8.2 If Bonds are defeased under this Section, all obligations of the Agency with respect to those defeased Bonds shall cease and terminate, except for the obligation of the Agency, and the escrow agent to pay the defeased Bonds from the amounts deposited in escrow.

Section 9. Rules of Construction.

Unless the context clearly requires otherwise: capitalized words and phrases used in this Resolution which are defined in Section 1 shall be construed to have the meanings defined for such words and phrases in Section 1; references to sections shall be construed as references to sections of this Resolution; references to one gender shall include the other; references to the singular shall include the plural; and references to the plural shall include the singular.

ADOPTED by the Wilsonville Urban Renewal Agency at a regular meeting thereof this 21st day of September, 1998.



CHARLOTTE LEHAN, Chair

ATTEST:



SANDRA C. KING, CMC, City Recorder

SUMMARY OF VOTES:

Charlotte Lehan, Chair	Yes
John Helser	Yes
Bruce Barton	Yes
Alan Kirk	Yes
Clay Luper	Yes

Exhibit A

No. R-1

\$ _____

United States of America
Urban Renewal Agency of the City of Wilsonville
Clackamas County
State of Oregon
Year 2000 Urban Renewal Area
Urban Renewal Refunding Bond
Series 1998B

The Urban Renewal Agency of the City of Wilsonville, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to Bank of America National Trust and Savings Association the aggregate principal amount of \$ _____, in the following installments, together with interest on those installments at the rates indicated below.

Principal Installment	Principal Payment Date	Interest Rate
	June 1, 1999	
	June 1, 2000	
	June 1, 2001	
	June 1, 2002	
	June 1, 2003	
	June 1, 2004	

Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 1998, and shall be computed on the basis of a 360-day year of twelve 30-day months.

This bond is a special obligation of the Agency, payable solely from the Tax Increment Revenues as defined and provided in Resolution No. ___ of the Agency adopted on ____, 1998, authorizing issuance of bonds (the "Bond Resolution"). The Agency has reserved the right to issue additional bonds on a parity of lien with this bond, and has issued, and may issue in the future, obligations which have a subordinate lien on the Tax Increment Revenues, as provided in the Bond Resolution.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE AGENCY OR THE CITY OF WILSONVILLE, OREGON AND IS PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES, AS PROVIDED IN THE BOND RESOLUTION.

This bond is designated as the Urban Renewal Bond, Series 1998B (the "Series 1998B Bond") of the Agency, and is issued by the Agency for the purpose of refunding the Agency's Series 1994 and Series 1996 Bonds in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Agency has pledged the Tax Increment Revenues of the Year 2000 Urban Renewal Area (the "Area"), as defined and described in the Bond Resolution, to pay the Series 1998B Bond.

The pledge of the Tax Increment Revenues to pay the Series 1998B Bond is not subordinate to any other lien on, or pledge of, such Tax Increment Revenues.

This Series 1998B Bond is subject to redemption as provided in the Bond Purchase Agreement.

Any transfer of this Series 1998B Bond must be registered with the Agency and the Agency may treat the person in whose name this Series 1998B Bond is registered as its absolute owner for all purposes, as provided in the Bond Resolution.

The Owner may exchange or transfer any Series 1998B Bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Agency and duly executed by the registered owner or his or her duly authorized attorney.

The City has designated the Bond as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 bond 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 the issue of which this bond is a part, and all other obligations of such Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Agency has caused this bond to be signed by the facsimile signature of its Chair and the manual signature of the City's Finance Director as of the ___ day of _____, 1998.

Urban Renewal Agency of the City of Wilsonville,
Oregon

Charlotte Lehan, Chair

Gary Wallis, Finance Director

ASSIGNMENT
FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Please insert social security or other identifying number of assignee)

this Series 1998B Bond and does hereby irrevocably constitute and appoint
as attorney to transfer this Series 1998B Bond on the books kept for registration thereof with the full power of
substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Series 1998B Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

(Bank, Trust Company or Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 1998B Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship
and not as tenants in common

OREGON CUSTODIANS use the following

_____ CUST UL OREG _____ MIN
as custodian for (name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

Exhibit A

Form of Loan Agreement (1998 Building Financing)

This Loan Agreement is entered into between the City of Wilsonville, Oregon, and Bank of America National Trust and Savings Association as of this ___ day of ____, 1998.

Section 1. Definitions.

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

“Bank” means Bank of America National Trust and Savings Association or its successors.

“City Official” means the Finance Director of the City or a person designated by the Finance Director to act on behalf of the City under this Resolution.

“City” means the City of Wilsonville, Oregon.

“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 Loan Agreement; or (ii) a failure by the City to comply with any of its obligations, or to perform any of its duties, under this Loan Agreement, or the Note, which failure continues, and is not cured, for a period of more than 30 days after the Bank has made written demand on the City to cure such failure; or, (iii) a material misrepresentation by the City in this Loan Agreement or the Note.

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

“Loan Agreement” means this Loan Agreement (1998 Building Financing).

“Note” means the note evidencing the amounts owed under this Loan Agreement, which shall be in substantially the form attached hereto as Appendix A.

“Operating Revenues” means the revenues (other than property taxes) which the City receives from its road maintenance operations, fleet maintenance operations, storm water maintenance operations and water system operations.

“Project” means the acquisition, remodeling, equipping and furnishing of the Public Works Building.

“Resolution” means City Resolution No. ____, adopted September 21, 1998, authorizing this Loan Agreement and the Note.

Section 2. Recitals.

The City Council has adopted the Resolution which authorizes the City to enter into a loan agreement to finance the Project in a maximum amount of \$600,000.

Section 3. Loan Agreement.

- (a) The Bank hereby agrees to make a loan to the City under this Loan Agreement in the amount of \$600,000.00.
- (b) The City hereby agrees to repay that amount in 120 equal monthly installments of \$6,305.44, including interest at the rate of 4.80 percent per annum, calculated on 30/360 day basis. Payments shall be made on the ___ day of each month, commencing ____, 1998.
- (c) All amounts due under this Loan Agreement and the Note shall be paid no later than ____, 2008.

Section 4. Prepayment.

- (a) The unpaid principal amount of the Note, plus accrued interest, may be prepaid at any time in whole or in part at the option of the City but at the following premiums (expressed as a percentage of the principal amount which is prepaid) during the following periods:

<u>Period Premium is in Effect</u>	<u>Premium</u>
First twelve months of the loan term (____, 1998 through ____, 1999:	Three percent.
Second twelve months of the loan term (____, 1999 through ____, 2000:	Two percent.
Third twelve months of the loan term (____, 2000 through ____, 2001:	One percent.
____, 2001 and thereafter:	No premium.

- (b) Payments by the City to the Bank shall be applied first, to pay accrued interest, and second, to reduce the unpaid principal amount of the Note.

Section 5. Security for Loan Agreement; Release of Security.

The City shall pay the amounts due under this agreement from the Operating Revenues. To provide additional security for this Loan Agreement, if the Operating Revenues are not sufficient to pay the amounts due under this Loan Agreement, the City agrees to pay those amounts from all its legally available funds, and the City pledges its full faith and credit to pay amounts due under this Loan Agreement and Note. This Loan Agreement and the Note are not secured by a lien on any property of the City.

Section 6. Deposit and Use of Loan Agreement Proceeds.

The City shall deposit the proceeds of this Loan Agreement in a separate account (the "Proceeds Account"), and shall use those proceeds solely to finance the Project and costs associated with this Loan Agreement, and to pay amounts due under this Loan Agreement. The City hereby pledges the amounts in the proceeds account to pay the amounts due under this Loan Agreement.

Section 7. Tax Covenants.

The City covenants to operate the facilities financed with the Note, to invest the proceeds of the Note, and to pay any required rebates to the United States, so that the Note is not a "private activity bond" under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), the Note is not an "arbitrage bond" under Section 148 of the Code, and interest due on the Note is excludable from gross income under Section 103 of the Code.

Section 8. Default.

If an Event of Default occurs, the Bank may: declare the unpaid principal amount of the Note immediately due and payable, with interest through the date of payment at the Loan Rate; or exercise any remedy available at law or in equity. 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.

Section 9. Fees, Costs and Expenses.

- (a) **Bank Fees.** The City shall pay the Bank an origination fee of \$1,500.
- (b) **Bank Costs of Enforcement.** If the Bank incurs any expenses in connection with enforcing this Loan Agreement, or if the Bank takes collection action under this Loan Agreement, the City shall pay to the Bank, on demand, the Bank's reasonable costs and reasonable attorneys' fees, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.
- (c) **Other Fees and Costs.** The City shall pay the fees and costs of Bond Counsel, and any other expenses and costs which the City incurs in connection with this Loan Agreement. The Bank shall pay all of the Bank's costs and expenses.

Section 10. Representations, Warranties and Agreements of the City.

By executing this Loan Agreement in the space provided below, the City represents and warrants to, and agrees with the Bank that:

- (a) The City is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Loan Agreement and perform its duties under the Resolution and this Loan Agreement, and that the Resolution, this Loan Agreement and the Note will constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms.
- (b) The acceptance of this Loan Agreement, the adoption of the 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, ordinance or other agreement to which the City is a party or by which it is bound.
- (c) There is no action, suit, proceeding or investigation at law or in equity before or by any court or government City or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the acceptance of this Loan Agreement, the adoption of the Resolution or the execution and delivery of the Note, or the collection

and application of the funds as contemplated by the Resolution and this Loan Agreement, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Loan Agreement.

- (d) To the extent permitted by law, the City 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 City to the Bank, its agents or employees, which relates to this Loan Agreement or the Note, and which is untrue or incorrect in any material respect.
- (e) The execution and delivery of the Note will not cause the City to violate any constitutional, charter or statutory debt limitations to which it is subject, including, without limitation, that the City will not permit the aggregate amount of certain general obligation bonded indebtedness to exceed 3.00% of the real market value of all taxable property within the City, as required by ORS 287.004.
- (f) The City has developed and budgeted for a comprehensive program to address the "Year 2000 problem" (that is, the inability of computers, as well as embedded microchips in non-computing devices, to perform properly date-sensitive functions with respect to certain dates prior to and after December 31, 1999). The City has implemented that program substantially in accordance with its timetable and budget and reasonably anticipates that it will substantially avoid the year 2000 problem as to all computers, as well as embedded microchips in non-computing devices, that are material to the City's business, properties or operations. The City has developed feasible contingency plans adequate to ensure uninterrupted and unimpaired operations in the event of failure of its own or a third party's systems or equipment due to the Year 2000 problem, including those of vendors, customers, and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure.

Section 11. Financial Statements; Notice of Adverse Developments; Budgets.

While this Loan Agreement is in effect:

- (a) The City shall provide the Bank promptly with a copy of each of the City's final, annual audited financial statements within 210 days after the end of each fiscal year.
- (b) The City shall provide the Bank with a copy of each of the City's final, adopted budget within 45 days after adoption.
- (c) The City shall promptly notify the Bank if: any event occurs which is likely, in the reasonable judgment of the City, to have a material adverse effect on the financial condition of the City; or any litigation is filed against the City which seeks recovery of more than \$100,000 from the City and which is not covered by insurance.

Section 12. Conditions to the Obligations of the Bank.

The Bank may refuse to purchase the Note unless, on or prior to the date of closing, the Bank shall have received:

- (a) a copy of the duly authorized Resolution, and a signed original of the Note Purchase Agreement and the Note;
- (b) an opinion of Note Counsel to the effect that:
 - (i) the Resolution, the Note Purchase Agreement, and the Note are and will be valid and legally binding obligations of the City, enforceable against the City in accordance with their terms;
 - (ii) the interest payable on the Note is excludable from gross income under the Code and from Oregon personal income taxation;
 - (iii) the Note is not a "private activity bond" within the meaning of Section 141 of the Code; and
 - (iv) the Note has been designated by the City as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code;
- (c) the certificate of a duly authorized officer of the City to the effect that:
 - (i) there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Resolution or the execution and delivery of the Note Purchase Agreement and the Note, or the collection and application of funds as contemplated by the Note Purchase Agreement or the Note, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under the Note, and
 - (ii) the adoption of the Resolution and the execution and delivery of the Note Purchase Agreement and the Note do not and will not conflict in any material respect with or constitute on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement or instrument to which the City is a party or by which it is bound;
- (d) a copy of the City's audited financial statements for the past three years and its adopted budget for the current year; and
- (e) such additional legal opinions, certificates, proceedings, instruments or other documents as the Bank or the City's Note Counsel may reasonably request to evidence compliance by the City with the legal requirements for execution and delivery of the Note Purchase Agreement and the Note and the due performance or satisfaction by the City of all agreements then to be performed and all conditions then to be satisfied by the City.

Section 13. Arbitration.

- (a) This Section concerns the resolution of any controversies or claims between the City and the Bank, including but not limited to those that arises from:
 - (i) This Loan Agreement and the Note (including any renewals, extensions or modifications of this Loan Agreement):
 - (ii) Any document, agreement, or procedure related to or delivered in connection with this Loan Agreement and the Note;
 - (iii) Any violation of this Loan Agreement and the Note; or
 - (iv) Any claims for damages resulting from any business conducted between the City and the Bank relating to this Loan Agreement, including claims for injury to persons, property or business interest (torts).
- (b) At the request of the City or the Bank, any such controversies or claims will be settled by arbitration in accordance with the United States Arbitration Act. The United States Arbitration Act will apply even though this Loan Agreement provides that Oregon law governs it.
- (c) Arbitration proceedings will be administered by the American Arbitration Association and will be subject to its commercial rules of arbitration.
- (d) For purposes of the application of the statute of limitations, the filing of an arbitration pursuant to this paragraph is the equivalent of the filing of a lawsuit, and any claim or controversy, which may be arbitrated under this paragraph, is subject to any applicable statute of limitations. The arbitrators will have the authority to decide whether any such claim or controversy is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis.
- (e) If there is a dispute as to whether an issue is arbitrable, the arbitrators will have the authority to resolve any such dispute.
- (f) The decision that results from an arbitration proceeding may be submitted to any authorized court of law to be confirmed and enforced.
- (g) This provision does not limit the right of the City or the Bank to:
 - (i) exercise self-help remedies such as setoff;
 - (ii) act in a court of law, before, during or after the arbitration proceeding to obtain:
 - (iii) a provisional or interim remedy; and/or
 - (iv) additional or supplementary remedies.

- (h) The pursuit of or a successful action for interim, additional or supplementary remedies, or the filing of a court action, does not constitute a waiver of the right of the City or the Bank, including the suing party, to submit the controversy or claim to arbitration if the other party contests the lawsuit.

Section 14. Notices.

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

City: Mr. Gary Wallis, Finance Director
City of Wilsonville
30000 Town Center Loop East
Wilsonville, Oregon 97070

Bank: Bank of America National Trust and Savings Association
Public Finance 8832
121 S.W. Morrison Street, Suite 700
Portland, Oregon 97204

Section 15. Survival; Loan Agreement Constitutes Contract.

The City or the Bank may not assign this Loan Agreement. All representations, warranties, and agreements contained in this Loan Agreement shall survive the execution, delivery and payment of this Loan Agreement. This Loan Agreement and the Note shall constitute a contract between the City and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.

Section 16. Applicable Law.

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

Section 17. Severability and Waivers.

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

Section 18. Counterparts.

This Loan Agreement 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.

Section 19. Written Agreements.

Under Oregon law, most agreements, promises and commitments made by the Bank after October 3, 1989, 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 this ____ day of September, 1998.

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION**

By: _____
Authorized Officer

CITY OF WILSONVILLE, OREGON

By: _____
City Official

Appendix A

**UNITED STATES OF AMERICA
STATE OF OREGON
CITY OF WILSONVILLE, OREGON
NOTE
(1998 Building Financing)**

The City of Wilsonville, Oregon, (the "City"), for value received acknowledges itself indebted and hereby promises to pay to the order of Bank of America National Trust and Savings Association, the principal amount of SIX HUNDRED THOUSAND DOLLARS (\$600,000.00) in 120 equal monthly installments of \$6,305.44, including interest at the rate of 4.80 percent per annum, calculated on 30/360 day basis. Payments shall be made on the ___ day of each month, commencing ____, 1998, as provided in the Loan Agreement (1998 Building Financing) between the City and Bank of America National Trust and Savings Association which is dated ____, 1998 (the "Loan Agreement"). All principal and interest on this Note are due and payable on ____, 2008.

This Note is payable primarily from the Operating Revenues as provided in City Resolution No. ____ (the "Resolution") which authorizes the Loan Agreement and this Note. In addition, this Note is payable from all legally available funds of the City, and the city has pledged its full faith and credit to pay this Note. The Loan Agreement and this Note are not secured by a lien on any property of the City.

This Note has been executed pursuant to the Loan Agreement. The provisions of the Resolution and the Loan Agreement are incorporated herein by reference; capitalized terms used but not defined in this Note have the meanings defined for such terms in the Loan Agreement.

If an Event of Default occurs, the Bank may declare the unpaid principal amount of the Note immediately due and payable, with interest at the Loan Rate to the date of payment, and exercise other remedies as provided in the Loan Agreement.

If legal action is taken by the holder of this Note to enforce the provisions of this Note, the Resolution, or the Loan Agreement, 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 City to finance the acquisition of land and a building in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon. The Loan Agreement and this Note are not secured by a lien on any property of the City.

This Note is subject to optional prepayment as provided in the Loan Agreement.

The City has designated this Note and the Loan Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code.

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 City, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the City has caused this Note to be signed on its behalf by its duly City Official, as of this ___ day of September, 1998.

CITY OF WILSONVILLE, OREGON

By: _____
City Official