

RESOLUTION NO. URA 2000-03

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW, IDAHO:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW, IDAHO, AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF \$794,154.74 PRINCIPAL AMOUNT OF REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BONDS, SERIES 2000; DESCRIBING THE BONDS; SETTING FORTH THE PURPOSE OF THE BONDS; PROVIDING FOR THE EXECUTION, REGISTRATION, TRANSFER, AND PAYMENT OF THE BONDS; PLEDGING CERTAIN INCREMENTAL TAX REVENUES TO THE PAYMENT OF THE BONDS; ESTABLISHING FUNDS; PROVIDING COVENANTS WITH RESPECT TO THE BONDS; PROVIDING FOR THE SALE OF THE BONDS TO BANK OF PULLMAN; PROVIDING FOR OTHER MATTERS RELATED TO THE BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Urban Renewal Agency of the City of Moscow, Idaho (hereinafter the "Agency"), an independent public body corporate and politic, is an urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Idaho Code Title 50, Chapter 20, as amended and supplemented (the "Law"); and

WHEREAS, the Agency is authorized to borrow money and to issue revenue allocation bonds pursuant to the Law for the purpose of financing urban renewal projects under the Law; and

WHEREAS, the Agency is further authorized to issue revenue allocation (tax increment) bonds pursuant to the Local Economic Development Act, the same being Title 50, Chapter 29, Idaho Code, as amended and supplemented (the "Act"); and

WHEREAS, THE City of Moscow, Latah County, Idaho (the "City"), by adoption of Ordinance No. 96-12 on July 1, 1996, duly adopted the Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan (the "Plan"), to be administered by the Agency, which Plan contains a revenue allocation financing provision pursuant to the Act; and

WHEREAS, the Agency has heretofore undertaken the implementation of a portion of the Plan, consisting generally of public infrastructure improvements, including public streets, water, sewer, storm drainage, curb, gutter, sidewalk, public park, and related improvements pursuant to the Plan, and, pursuant to Resolution No. URA 97-01, adopted on January 7, 1997, the Agency heretofore authorized, issued, sold, and delivered its Revenue Allocation (Tax Increment) Bonds, Series 1997, in the principal amount of \$600,000, dated February 1, 1997 (the "Series

1997 Bonds"), to Bank of Pullman in order to finance such improvements; and

WHEREAS, the Agency now desires to refund the Series 1997 Bonds and certain additional loans incurred to pay a portion of the debt service on the Series 1997 Bonds and to issue its refunding bonds for that purpose; and

WHEREAS, a proposal to purchase the refunding bonds has been submitted to the Agency by Bank of Pullman; and

WHEREAS, the Agency has heretofore caused to be published a notice of negotiated private bond sale and notice of special meeting to consider the Bond Resolution, substantially in the form of Exhibit "E" which is annexed hereto.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW, IDAHO, as follows:

ARTICLE I

DEFINITIONS

Section 1.1: DEFINITIONS

For purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

Act shall mean the Local Economic Development Act, being Title 50, Chapter 29, Idaho Code, as amended and supplemented.

Agency shall mean the Urban Renewal Agency of the City of Moscow, Idaho, an urban renewal agency created by and existing under the authority of the Law as an independent public body corporate and politic.

Agency Liaison shall mean the person or persons who provide staff services for the Agency.

Agency Warrants shall mean the warrants issued by the Agency to the City to evidence loans from the City to the Agency, as enumerated in Exhibit "F" which is annexed to this Resolution.

Bank shall mean Bank of Pullman, Pullman, Washington, a Washington banking corporation, as the original Registered Owner of the Bonds.

Board shall mean the Board of Commissioners of the Agency.

Bond Counsel shall mean a nationally-recognized municipal bond counsel firm retained by the Agency.

Bond Purchase Agreement shall mean the agreement between the Agency and the Bank for the sale of the Bonds by the Agency to the Bank.

Bond Register shall mean the registration records of the Agency, maintained by the Registrar, on which shall appear the names(s) and address(es) of the Registered Owner(s) of the Bonds.

Bond Year shall mean the twelve-month period beginning on October 1 of each year and ending on the following September 30, provided that the first Bond Year shall commence on the date of issuance of the first Bond issued pursuant to this Resolution and shall end on the following September 30, and the last Bond Year shall terminate upon the retirement of the Bonds.

Bonds shall mean, collectively, the Series 2000A Bonds and the Series 2000B Bonds.

Business Day shall mean a day on which banks located in the State of Idaho are open for the purpose of conducting commercial banking business.

Chairman shall mean the chairman of the Board, or any presiding officer or titular head of the Agency, or his/her successor in function, and shall include the Vice Chairman of the Board when acting in the absence of the Chairman.

City shall mean the City of Moscow, Latah County, Idaho.

Code shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

Consultant's Report shall mean a report signed by an independent financial consultant or an independent redevelopment consultant, as may be appropriate to the subject of the report.

Cost(s) of Administration shall mean the Agency's expenses (including reasonable reserves for expenses) for administrative and general expenses of the Agency, including attorney fees, and other normal expenses required to be paid by the Agency.

Costs(s) of Issuance shall mean legal fees, fees and expenses of the Registrar, and all other fees, charges, and expenses with respect to or incurred in connection with the issuance, sale, and delivery of the Bonds.

Debt Service for any period shall mean the total principal and interest accruing during such period on the Bonds.

Debt Service Fund shall mean the fund by that name referred to in Section 5.2 of this Resolution.

Event of Default shall mean one or more of the events enumerated in Section 12.1 of this Resolution.

Fiscal Year shall mean the fiscal year of the Agency, currently commencing on October 1 of each year and ending on September 30 of the following year, as the same may be altered by the Agency.

Incremental Tax Revenues shall mean the incremental tax revenues derived from the Project Revenue Allocation Area and received by the Agency pursuant to the Act, as provided in the Plan.

Law shall mean the Idaho Urban Renewal Law of 1965, being Title 50, Chapter 20, Idaho Code, as amended and supplemented.

Net Proceeds shall mean, with respect to the sale of the Bonds, all amounts actually received by the Agency from the sale of the Bonds.

Outstanding, with respect to the Bonds, shall mean any Bond which has been issued pursuant to this Resolution and which has not been retired or for which money for the payment or redemption of which has not been separately set aside and held.

Owner Participation Note(s) shall mean the limited recourse promissory note(s) issued by the Agency for the purpose of financing the Debt Service Reserve Account established for the Series 1997 Bonds pursuant to Resolution No. URA 97-01, adopted on January 7, 1997.

Plan shall mean the "Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan" approved by the Agency by adoption of Resolution No. URA 96-02 on May 28, 1996, and adopted and approved by the City by passage of Ordinance No. 96-12 on July 1, 1996.

Pledged Revenues, with respect to the Bonds, shall mean (a) the Incremental Tax Revenues, and (b) all monies in the Debt Service Fund.

Prime Rate shall mean the Wall Street Journal prime rate, established as of the date of issuance of the Series 2000B Bonds and fully variable thereafter; provided that the rate may not be changed more frequently than monthly.

Private Person shall mean any natural person engaged in a trade or business, the United States of America or any agency thereof, or any trust, estate, partnership, association, company

or corporation. A state or local governmental unit is not a private person.

Private Person Use shall mean the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis is their rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expenses.

Project Revenue Allocation Area shall mean the "Revenue Allocation Area" as described in the Plan, which is subject to the calculation and payment of Incremental Tax Revenues.

Refunded Obligations shall mean, collectively, the Series 1997 Bonds, the Owner Participation Note, and the Agency Warrants.

Refunding Account shall mean the account by that name created by Section 8.2 of this Resolution.

Refunding Project shall mean the current refunding of the Refunded Obligations under the procedure set forth in Article 8 of this Resolution.

Registered Owner(s) shall mean the person or persons in whose name the Bonds shall be registered in the Bond Register in accordance with this Resolution.

Registrar shall mean the Treasurer, who shall act as Registrar, authenticating agent, paying agent, and transfer agent for the Bonds.

Resolution shall mean this Resolution No. URA 2000-03, adopted on September 29, 2000.

Revenue Allocation Fund shall mean the fund by that name referred to in Section 5.1 of this Resolution.

Secretary shall mean the Secretary of the Agency, or his/her successor in function.

Series 1997 Bonds shall mean, collectively, the Series 1997A Bonds and the Series 1997B Bonds.

Series 1997A Bonds shall mean the bonds issued pursuant to Section 3.2(A) of Resolution No. URA 97-01, adopted on January 7, 1997.

Series 1997B Bonds shall mean the bonds issued pursuant to 3.2(B) of Resolution No. URA 97-01, adopted on January 7, 1997.

Series 2000A Bonds shall mean the Bonds issued pursuant to Section 3.2(A) of this Resolution, representing bonds bearing interest at the Tax-Exempt Rate pursuant to the Bond Purchase Agreement.

Series 2000B Bonds shall mean the Bonds issued pursuant to Section 3.2(B) of this Resolution, representing bonds bearing interest at the Prime Rate pursuant to the Bond Purchase Agreement.

Tax-Exempt Rate shall mean the Wall Street Journal prime rate minus 2.50%, established as of the date of issuance of the Series 2000A Bonds and fully variable thereafter; provided that the rate may not be changed more frequently than monthly.

Treasurer shall mean the Treasurer of the Agency, of his/her successor in function.

ARTICLE II

THE PROJECT

Section 2.1: THE PROJECT

The Refunding Project shall consist of paying, currently refunding, and retiring the currently-outstanding Refunded Obligations and paying the Costs of Issuance of the Bonds. The Agency hereby authorizes and directs the appropriate officers and agents of the Agency to carry out the Project in accordance with this Resolution. The cost of the Refunding Project is estimated to be \$794,154.74.

ARTICLE III

THE BONDS

Section 3.1: AUTHORIZATION

A. Bonds Authorized. In order to provide financing to pay the costs of the Refunding Project, the Agency shall issue its bonds, designated "The Urban Renewal Agency of the City of Moscow Revenue Allocation (Tax Increment) Bonds, Series 2000A" and "Series 2000B," as more particularly described below (collectively, the "Bonds"). Such description may be changed to reflect the actual calendar year in which such Bonds are issued.

Section 3.2: DESCRIPTION OF BONDS

A. Description of the Series 2000A Bonds. The Series 2000A Bonds shall be dated as of their date of delivery, shall be issued in the aggregate principal amount of \$135,000, shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof (provided that no single Series 2000A Bond shall represent more than one maturity), shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, at the Tax-Exempt Rate, payable commencing on August 1, 2001, and annually thereafter on each August 1 until their respective dates of maturity or prior redemption, and shall mature on August 1 in the following years and principal amounts:

<u>Maturity Date</u>	<u>Principal Amount</u>
August 1, 2001	\$ 30,000
August 1, 2002	30,000
August 1, 2003	35,000
August 1, 2004	40,000

Interest shall be computed on the basis of a twelve-month, 360-day year.

Each Series 2000A Bond shall be substantially in the form of Exhibit "A" which is annexed hereto and by reference incorporated herein. The Series 2000A Bonds shall be numbered separately in the manner and with any additional designation as the Registrar shall deem necessary for purposed of identification. Each Series 2000A Bond shall be executed in accordance with Section 3.5 of this Resolution.

B. Description of the Series 2000B Bonds. The Series 2000B Bonds shall be dated as of their date of delivery, shall be issued in the aggregate principal amount of \$659,154.74, shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof (provided that no single Series 2000B Bond shall represent more than one maturity), shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, at the Prime Rate, payable

commencing on August 1, 2001, and annually thereafter on each August 1 until their respective dates of maturity or prior redemption, and shall mature on August 1 in the following years and principal amounts:

<u>Maturity Date</u>	<u>Principal Amount</u>
August 1, 2001	\$ 10,000.00
August 1, 2002	11,900.00
August 1, 2003	14,161.00
August 1, 2004	16,851.59
August 1, 2005	20,053.39
August 1, 2006	23,863.54
August 1, 2007	28,397.61
August 1, 2008	33,793.15
August 1, 2009	40,213.85
August 1, 2010	47,854.49
August 1, 2011	56,946.84
August 1, 2012	67,766.74
August 1, 2013	80,642.42
August 1, 2014	95,964.48
August 1, 2015	110,745.65

Interest shall be computed on the basis of a twelve-month, 360-day year.

Each Series 2000B Bond shall be substantially in the form of Exhibit "B" which is annexed hereto and by reference incorporated herein. The Series 2000B Bonds shall be numbered separately in the manner and with any additional designation as the Registrar shall deem necessary for purposes of identification. Each Series 2000B Bond shall be executed in accordance with Section 3.5 of this Resolution.

Section 3.3: PAYMENT OF DEBT SERVICE

Payment of each installment of Debt Service shall be made to the Registered Owner whose name appears on the Bond Register as of the close of business on the fifteenth day of the calendar month next preceding the Debt Service payment date, and shall be paid by check or draft of the Agency to the Registered Owner on the due date at the address as if appears on the Bond Register, or at such other address as may be furnished in writing by the Registered Owner to the Registrar. Both principal of and interest on the Bonds are payable in lawful money of the United States of America.

Section 3.4: REDEMPTION PRIOR TO MATURITY

Each Bond shall be subject to call and redemption, in advance of its stated maturity, without penalty, on any interest

payment date, at 100% of the principal amount thereof, plus accrued interest to the date of redemption. Unless waived by the Registered Owner, written notice of any redemption shall be sent by first-class mail by the Agency not less than ten (10) days prior to the date fixed for redemption to the Registered Owner to the Registrar. When so called for redemption, such Bond or Bonds shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and such Bond or Bonds shall not be deemed to be Outstanding as of such redemption date.

Section 3.5 EXECUTION OF BONDS

Each Bond shall be executed on behalf of the Agency by the manual signatures of the Chairman and Treasurer, attested by the Secretary, and shall have the seal of the Agency impressed thereon.

Each Bond shall then be authenticated. Only the Bonds bearing thereon a Certificate of Authentication in the form hereinafter recited, annually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such Certificate of Authentication shall be conclusive evidence that the Bond or Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Agency before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar, or issued by the Agency, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Agency as though those who signed and attested the same had continued to be such officers of the Agency. Any Bond may also be signed and attested on behalf of the Agency by such persons as at the actual date of execution of such Bond shall be the proper officers of the Agency although at the original date of such Bond any such person shall not have been such officer of the Agency.

Section 3.6: TRANSFER OR EXCHANGE OF BONDS

Any Bond shall be transferable by the Registered Owner thereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of such Bond at the principal corporate trust office of the Registrar for cancellation and issuance of a new Bond registered in the name of the transferee, in exchange therefor. Provided, however, that the Registrar

shall not be required to transfer the Bond within fifteen calendar days of a principal or interest payment.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Registrar shall authenticate and deliver to the transferee, in exchange therefor, a new fully registered Bond or Bonds, of the same maturity and interest rate, and for the aggregate principal amount of such Bond or Bonds being surrendered.

The Registrar shall require the payment by the Registered Owner requesting such transfer or exchange of any tax, fee or governmental charge required to be paid with respect to such transfer or exchange. The Registrar and the Agency may also require the transferor and/or transferee of the Bond to execute any documents in connection with such transfer as may be reasonably required by the Agency and the Registrar.

Section 3.7: LOST, STOLEN, MUTILATED OR DESTROYED BONDS

In case any Bond shall be lost, stolen, mutilated or destroyed, the Registrar may authenticate and deliver a new Bond or Bonds of like date, denomination, interest rate, maturity, number, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying he expenses and charges of the Agency and the Registrar in connection therewith and upon his filing with the Agency and the Registrar evidence satisfactory to the Agency and the Registrar of his ownership thereof, and upon furnishing the Agency and the Registrar with indemnity satisfactory to the Agency and the Registrar.

Section 3.8: REGISTRATION

The Agency hereby adopts a system of registration with respect to the Bonds as required by Title 57, Chapter 9, Idaho Code. The Treasurer is hereby appointed as Registrar, authenticating agent, paying agent, and transfer agent with respect to the Bonds, and shall keep, or cause to be kept, at his office, sufficient books for the registration and transfer of the Bonds (the "Bond Register"), in which shall be maintained the names and addresses of the Registered Owner(s) of the Bonds.

ARTICLE IV

PLEDGE OF REVENUES

Section 4.1: PLEDGE OF PAYMENT OF BONDS

The Agency hereby pledges for the payment of the Bonds, equally and ratably, the Pledged Revenues.

ARTICLE V

FUNDS OF THE AGENCY

Section 5.1: REVENUE ALLOCATION FUND

There has heretofore been created, by Resolution No. URA 97-01, adopted on January 7, 1997, a special fund, held by the Agency, separate and apart from all other funds of the Agency, designated the "Research and Technology Park Urban Renewal Project Revenue Allocation Fund (the "Revenue Allocation Fund"), which special fund is hereby confirmed and continued in all respects. All Incremental Tax Revenues shall be deposited, promptly upon receipt by the Agency, into the Revenue Allocation Fund, and shall be used only for the following purposes and in the following order of priority:

First, to pay the interest on the Bonds by transfer of the amount of interest next falling due on the Bonds to the Debt Service Account not less than (3) Business Days prior to any interest payment date;

Second, to pay the principal of the Bonds by transfer of the amount of principal falling due on the Bonds to the Debt Service Account not less than three (3) Business Days prior to any principal payment date;

Third, to fund the Administration Fund;

Fourth, for any lawful purpose of the Agency.

Section 5.2: DEBT SERVICE FUND

A. Debt Service Fund Created. There has heretofore been created, by Resolution No. URA 97-01, adopted on January 7, 1997, a special fund, held by the Agency separate and apart from all other funds of the Agency, designated the "Debt Service Fund," consisting of two subaccounts: (1) a Debt Service Account, which is hereby redesignated the "Debt Service Fund," and (2) a Debt Service Reserve Account, which is hereby abolished.

Not less than three (3) Business Days prior to any Debt Service payment date, the Agency shall transfer from the Revenue Allocation Fund to the Debt Service Fund the amount of Debt Service then falling due. Payments of Debt Service shall be made from the Debt Service Fund at the times and in the manner provided in Article III of this Resolution.

B. Priority of Lien of Payments into the Debt Service Fund.
The amounts so pledged to be paid into the Debt Service Fund from the Pledged Revenues are hereby declared to be a prior lien and charge upon the Pledged Revenues superior to all other charges of any kind or return whatsoever.

Section 5.4: ADMINISTRATION FUND

There is hereby created a fund, to be held by the Agency, separate and apart from all other funds of the Agency, designated the "Administration Fund," into which shall be deposited from Incremental Tax Revenues each year, after provision has been made for payment of principal of and interest (and redemption premium, if any) on the Bonds, as required by Section 5.1 of this Resolution, an amount, as determined by the Board, sufficient to pay, together with any other moneys lawfully available to the Agency, the costs of Administration of the Agency for the Fiscal Year. The Agency's Costs of Administration shall be paid from the Administration Fund.

Section 5.5: REBATE FUND

There is hereby created a separate fund to be designated the "Rebate Fund," into which shall be deposited any required rebateable arbitrage with respect to the Series 2000A Bonds, as may be set forth in the Tax Certificate of the Agency with respect to the Series 2000A Bonds.

ARTICLE VI

DEFEASANCE OF THE BONDS

Section 6.1: PROVISION FOR DEFEASANCE OF THE BONDS

In the event that money and/or direct obligations of, or obligations guaranteed by, the United States, as provided by Section 57-504 of the Idaho Code, as it now reads or is hereafter amended, maturing or having guaranteed redemption prices at the option of the Agency at such time or times and bearing interest to be earned thereon in such amounts as are sufficient (together with any resulting cash balances) to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payment need be made into the Debt Service Fund for the payment of the principal of and interest on that portion of the Bonds so provided for, and such portion of the Bonds and interest accrued thereon shall then cease to be entitled to any lien, benefit or security of this Resolution, except the right to receive the funds so set aside and pledged, and such Bonds and interest accrued thereon shall no longer be deemed to be Outstanding hereunder.

ARTICLE VII

ADDITIONAL BONDS

Section 7.1: ADDITIONAL BONDS

For so long as any of the Bonds remain Outstanding, the Agency will not issue any obligations having a greater or equal priority of lien upon the Pledged Revenues to pay and secure the payment of the principal of and interest on such obligations than the priority of lien created on such Pledged Revenues to pay and secure the payment of the principal of and interest on the Bonds except as follows:

A. The Agency reserves the right to issue Additional Bonds for the purposes of:

First, providing money to pay for any project in the Revenue Allocation Area, or

Second, refunding, as permitted by law, at or prior to their maturity, any bonds or other obligations payable out of Pledged Revenues.

Third, to pledge that payments will be made out of the Pledged Revenues and into the Debt Service Fund to pay and secure the payment of the principal of and interest on such Additional Bonds on a parity with the payment required herein to be made out of such Pledged Revenues into the Debt Service Fund to pay and secure the payment of the principal of and interest on any Additional Bonds then Outstanding, upon compliance with the following conditions:

(1) At the time of issuance of any Additional Bonds there is not a deficiency in the Debt Service Fund.

(2) Prior to the delivery of any Additional Bonds, the Agency shall have on file a Consultant's Report, dated not earlier than 90 days prior to the date of delivery of such Additional Bonds, stating that the Pledged Revenues for each of the two fiscal years immediately following the fiscal year during which the project to be financed by the Additional Bonds is estimated to be completed will be not less than at least 1.25 times the amount required in any such year for the payment of the principal of and interest on the Bonds and all Additional Bonds Outstanding, including the Additional Bonds proposed to be issued. Said Certificate shall state that there has been no material

event (such as a material decrease in the property values of tax levies) since the publication of the financial statements from which such conclusions were derived that would significantly reduce the Pledge Revenues available. No such certificate shall be required for Additional Bonds issued for the purpose of refunding a portion of the Bonds or any Additional Bonds. The certificate of such consultant shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subsection A.

(3) The written consent of the Bank shall have been obtained.

B. Nothing herein contained shall prevent the Agency from issuing obligations which are a charge upon the Pledged Revenues junior or inferior to the payments required by this Resolution to be made out of such revenue into the Debt Service Fund to pay and secure the payment of Bonds and any Additional Bonds.

ARTICLE VIII

THE REFUNDING PROCEDURE

Section 8.1 THE REFUNDING PROCEDURE

The Agency desires to pay, redeem, currently refund, and retire the Refunded Obligations.

Contingent solely upon the issuance of the Bonds and the deposit of so much of the Net Proceeds thereof into the Refunding Account, together with other funds of the Agency as shall be necessary to fully refund the Refunded Obligations, the Refunded Obligations are hereby irrevocably called for redemption on October 31, 2000.

Section 8.2 REFUNDING ACCOUNT

The Treasurer is hereby authorized and directed to establish a special account for the Agency designated "Trust Fund -- Refunding Account" (the "Refunding Account") or such other designation conforming to standard accounting principles and banking practices.

The Net Proceeds of the Bonds, less Costs of Issuance (and except accrued interest, which shall be deposited in the Debt Service Account), shall be deposited into the Refunding Account. The Treasurer is hereby authorized and directed, on behalf of the Agency, to use such proceeds, on October 31, 2000, to pay, currently refund, and retire the Refunded Obligations of the Agency.

The Net Proceeds of the Bonds shall be utilized for the sole purpose of paying the principal of and interest on the Refunded Obligations to be paid as herein provided and set forth, and all of such Net Proceeds (except as set forth above) are irrevocably pledged therefor.

Any moneys remaining on deposit with the Treasurer after the payment and retirement in full of all of the Refunded Obligations as herein set forth shall be transferred and paid to the Revenue Allocation Fund.

Section 8.3: IRREVOCABLE PLEDGE TO PAY AND REDEEM THE
REFUNDED OBLIGATIONS

The Agency hereby pledges the Net Proceeds to pay, redeem and retire all of the Refunded Obligations on October 31, 2000, and the Net Proceeds are hereby irrevocably pledged to be set aside to effect such payment, redemption and retirement.

ARTICLE IX

COVENANTS OF THE AGENCY

Section 9.1: COVENANTS OF THE AGENCY

The Agency covenants and agrees with the Registered Owners of the Bonds as follows:

A. Punctual Payment. The Agency will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and will faithfully satisfy, observe, and perform all conditions, covenants, and requirements of the Bonds and of this Resolution.

B. Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge, or place any charge upon any of the Pledged Revenues or moneys in the Debt Service Fund, and will not issue any obligation or security superior to the Bonds payable in whole or in part from the Pledged Revenues.

C. Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Pledged Revenues or any part thereof, or which might impair the security of the Bonds; provided that nothing herein contained shall require the Agency to make any such payments so long as the agency in good faith shall contest the validity of any such claims.

D. Books and Accounts; Financial and Project Statement. The Agency will keep proper books of record and accounts, separate from all of the records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project and the funds created hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Registered Owners.

E. Protection of Security and Rights of Registered Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Registered Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

F. Payment of Taxes and Other Charges. Subject to the provisions of Section 9.1(G) hereof, the Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any other properties owned by the Agency in the Project Revenue Allocation Area, or upon the revenues therefrom, when the same shall become due; provided that nothing herein contained shall require the Agency to make any such payments to long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges. (The Agency is not currently subject to the payment of taxes.)

G. Taxation of Leased Property. Whenever any property in the Project Revenue Allocation Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Revenue Allocation Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law, which such payments shall be treated as Pledged Revenues and shall be deposited by the Agency in the Revenue Allocation Fund.

H. Disposition of Property in Project Revenue Allocation Area. The Agency will not, except as otherwise provided in this

section 9.1(H), authorize the disposition of any real property in the Project Revenue Allocation Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Plan in effect on the date of adoption of this Resolution, or property to be used for public streets or easements or rights of way for public utilities, or other similar uses). If such dispositions, together with all similar prior dispositions on or subsequent to the effective date of this Resolution, shall comprise more than ten percent (10%) of the land area in the Project Revenue Allocation Area, it shall cause to be filed with the Agency a Consultant's Report on the effect of such proposed disposition. If the Consultant's Report concludes that the Pledge Revenues will not be materially reduced by such proposed disposition, the agency may proceed with such proposed disposition. If the Consultant's Report concludes that Pledge Revenues will be materially reduced by such proposed disposition, the Agency shall as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

(1) Pay to the Agency, so long as any of the Bonds are Outstanding, an amount equal to the amount that would have been received by the Agency as Pledged Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) Pay to the Agency a single sum equal to the amount estimated by an independent redevelopment consultant to be receivable from taxes on such property from the date of such payment to the last maturity date of all Bonds then Outstanding, less a reasonable discount value.

All such payments to the Agency in lieu of taxes shall be treated as Pledged Revenues and shall be deposited by the Agency in the Revenue Allocation Fund.

I. Amendment of Urban Renewal Plan. The Agency will not amend the Urban Renewal Plan except as provided in this section 9.1(I). If the agency proposed to amend the Plan, it shall cause to be filed with the Agency a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that amendment, the Agency may undertake such amendment. If the Consultant's Report concludes that the Pledged Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment.

J. Further Assurances. The Agency will adopt, make, execute, and deliver any and all such further resolution, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution and for the better assuring and confirming unto the Registered Owners of the Bonds of the rights and benefits provided in this Resolution.

K. Accounts and Reports. The Agency shall keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and each fund and account established under this Resolution, and which, together with all books and papers of the Agency, including insurance policies, relating to the Project, shall at all times be subject to the inspection of the Registered Owner(s).

L. General.

(1) The Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Agency under the provisions of the Law and this Resolution.

(2) Upon the date of authentication and delivery of the Bonds, all conditions, acts, and things required by law and this Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened, and have been performed, and the issue of such Bonds, together with all other indebtedness of the Agency, shall comply in all respects with the applicable laws of the State of Idaho.

(3) The Bonds are issued in connection with an Urban Renewal Project, as defined in the Law. Accordingly, in any suit, action, or proceedings involving the validity or enforceability of the bonds, the Bonds shall be conclusively deemed to have been issued for such purpose and such Urban Renewal Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Law.

ARTICLE X

SPECIAL TAX COVENANTS

Section 10.1: SPECIAL TAX COVENANTS

With respect to the Series 2000A Bonds, the Agency further covenants and agrees as follows:

A. Arbitrage; Special Tax Covenants. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond Counsel to the Agency, such compliance is not required in order to maintain the exemption of the interest on the Series 2000A Bonds from federal income taxation.

The Agency hereby covenants that it will not make any use of the proceeds of sale of the Series 2000A Bonds or any other funds of the Agency which may be deemed to be proceeds of such Series 2000A Bonds pursuant to Section 148 of the Code which will cause the Series 2000A Bonds to be "arbitrage bonds" within the meaning of said Section. The Agency will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Series 2000A Bonds) throughout the term of the Series 2000A Bonds.

The Agency hereby further covenants that it will comply with the registration requirements of Section 149(a) of the Code so long as any portion of the Series 2000A Bonds is Outstanding.

The Agency hereby further covenants that it will not take any action or permit any action to be taken that would cause the Series 2000A Bonds to constitute "private activity bonds" under Section 141 of the Code.

B. Private Person Use Limitation. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond Counsel to the Agency, such compliance is not required in order to maintain the exemption of the interest of the Series 2000A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 2000A Bonds is Outstanding, it will not permit:

(a) More than 10% of the principal or interest payments on the Series 2000A Bonds in a Bond Year to be (under the terms of this Resolution or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made to the Agency) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Agency further covenants that, if:

(b) More than 5% of the Net Proceeds of the Series 2000A Bonds are used for any Private Person Use; and

(c) More than 5% of the principal or interest payments on the Series 2000A Bonds in a Bond Year are (under the

terms of this Resolution or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payment (whether or not made to the Agency) in respect of property, or borrowed money, used or to be used for any Private Person Use;

then, (i) any Private Person Use of the Projects described in subsection (b) hereof or Private Person Use payments described in subsection (c) hereof that is in excess of the 5% limitation described in such subsections (b) or (c) will be for a Private Person use that is related to the state or local governmental use of the Project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Series 2000A Bonds used for the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project relates. The Agency further covenants that it will comply with any limitations on the use of the Project by other than state and local governmental users that are necessary, in the opinion of Bond Counsel, to preserve the tax exemption of the interest on the Series 2000A Bonds.

C. Private Loan Limitation. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond counsel to the Agency, such compliance is not required in order to maintain the exemption of the interest on the Series 2000A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 2000A Bonds is Outstanding, it will not permit Bond proceeds in excess of 5% of the Net Proceeds of the Series 2000A Bonds to be used (directly or indirectly) to make loans (other than loans that enable a borrower to finance a governmental tax or assessment of general application for a specific essential governmental function) to a Private Person.

D. Federal Guaranty Prohibition. The Agency shall comply with the provisions of this section unless, in the written opinion of Bond counsel to the Agency, such compliance is not required in order to maintain the exemption of the interest on the Series 2000A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 2000A Bonds is Outstanding, it will not take any action or permit or suffer any action to be taken if the result thereof would be to cause the Series 2000A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and any Regulations promulgated thereunder.

E. Reimbursement. None of the proceeds of the Series 2000A Bonds will be used to reimburse the Agency for capital expenditures made prior to the date of delivery of the Bonds unless the Agency, not later than 60 days after the payment of such expenditure, shall have adopted an official intent resolution as provided by Section 1.150-2 of the Treasury Regulations.

F. Opinions of Bond Counsel. Whenever an opinion of bond counsel is rendered in connection with any provision of this Resolution, the opinion shall affirmatively state, in a manner acceptable to the Agency, that the action in question will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2000A Bonds.

ARTICLE XI

AMENDMENTS

Section 11.1: AMENDMENTS

A. The Agency from time to time and at any time may, with the consent of the Registered Owners (which consent shall not unreasonably be withheld), adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this Resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the Agency in this Resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the Registered Owners of any of the Bonds, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provision contained in this Resolution or any resolution authorizing future notes, warrants, or bonds in regard to matters or questions arising under such resolutions as the Agency may deem necessary or desirable and not inconsistent with such resolutions and which shall not adversely affect, in any material respect, the interest of any of the Registered Owners of the Bonds.

B. With the consent of the Registered Owners of not less than sixty-five percent (65%) in aggregate principal amount of the Bonds at the time Outstanding, the Agency may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(1) extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from its due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or

(2) reduce the aforesaid percentage of Registered Owners required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of Register Owners under this subsection B to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

C. Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations of the Agency under this Resolution and all Registered Owners of the Bonds then Outstanding hereunder, subject in all respect to such modification and amendments, and all terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

D. The Bonds executed and delivered after the execution of any supplemental resolution adopted pursuant to the provisions of this Section may have a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, the Bonds so modified as to conform, in the opinion of the Board, to any modification of this Resolution contained in any such supplemental resolution, may be prepared and delivered without cost to the Registered Owners of the Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

ARTICLE XII

EVENTS OF DEFAULT

Section 12.1: EVENTS OF DEFAULT

The occurrence of any of the following conditions or events shall constitute an event of default hereunder:

(1) if default shall be made in the due and punctual payment of the principal or redemption price of the Bonds within ten (10) days after the same shall become due and

payable, whether at maturity or by call for redemption or otherwise;

(2) if default shall be made in the due and punctual payment of any installment of interest on the Bonds within ten (10) days after such interest installment shall become due and payable;

(3) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements, or conditions on its part in this Resolution, in the Bond Purchase Agreement, or in the Bonds contained, and such default shall continue for a period of ten (10) days after written notice thereof to the Agency by a Registered Owner;

(4) if this Resolution or any document executed and delivered in connection herewith and related to the authorization or delivery of the Bonds ceases to be valid or in full force and effect;

(5) if there shall occur dissolution or liquidation of the Agency or the filing by the Agency of a voluntary petition in bankruptcy, or the commission by the Agency of any act of bankruptcy, or adjudication of the Agency as a bankrupt, or assignment by the Agency for the benefit of its creditors, or the entry by the Agency into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Agency in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or which may hereafter be enacted;

(6) if the Agency defaults in the payment of principal or interest on any other obligation for borrowed money other than hereunder, or defaults in the payment of the deferred purchase price of property beyond the period of grace, if any, provided with respect thereto, or defaults in the performance or observance of any obligation or in any agreement relating thereto, if the effect of such default is to cause or permit the holder or holders of such obligation to cause such obligation to become due prior to its state maturity;

(7) if all or any substantial part of the Agency's property shall be condemned, seized, or otherwise appropriated, or custody or control of such property is assumed by any governmental agency or any court of competent jurisdiction.

Section 12.2: REMEDIES

Upon the occurrence of an Event of Default, the Registered Owner may declare the Outstanding Bonds to be immediately due and payable, principal and accrued interest, and may exercise any other right provided in the Bond Purchase Agreement.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.1 SALE OF THE BONDS

The sale of the Bonds to the Bank, substantially in accordance with the terms and provisions set forth in the Bond Purchase Agreement attached hereto as Exhibit "C," is hereby approved. The Chairman is hereby authorized to execute the Bond Purchase Agreement on behalf of the Agency.

The proper officials of the Agency are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bonds, and for the proper use and application of the proceeds of sale thereof.

The Authorized Officers of the Agency are further authorized and directed to enter into, on behalf of the Agency, such extension agreements or modification agreements of (1) the Participation and Reimbursement Agreement, dated February 11, 1997, between the Agency and Thompson Family Limited Partnership, and (2) the Guaranty Agreement dated February 11, 1997, between Thompson Family Limited Partnership and the Bank of Pullman, as may be necessary to effectuate the purposes of this Resolution.

The Authorized Officers of the Agency are further authorized and directed to publish notice of the adoption of this Resolution, substantially in the form set forth in Exhibit "D" attached hereto.

Section 13.2: SEVERABILITY

If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the Agency shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or the Bonds.

Section 13.3: VALIDITY OF BONDS

Pursuant to Section 50-2911, Idaho Code, as amended, no direct or collateral action attacking or otherwise questioning

the validity of the Bonds may be brought prior to the effective date of this Resolution or after the elapse of thirty (30) days from and after the effective date of this Resolution.

Section 13.4: RATIFICATION

All actions heretofore taken by the Agency, its officers and staff, relating to the authorization and issuance of the Bonds, including, but not limited to, publication by the Agency Liaison, on behalf of the Agency, of a notice of negotiated private bond sale and notice of special meeting to consider the Bond Resolution, substantially in the form of Exhibit "E," are hereby ratified and confirmed.

Section 13.5: EFFECTIVE DATE

This Resolution shall take effect immediately upon its adoption and approval.

PASSED by the Urban Renewal Agency of the City of Moscow, Idaho, on September 29, 2000. Signed by the Chairman of the Board of Commissioners, and attested by the Secretary to the Board of Commissioners, on September 29, 2000.

URBAN RENEWAL AGENCY OF
THE CITY OF MOSCOW



Chairman, Board of Commissioners

ATTEST:



Secretary

(S E A L)





BANK of PULLMAN

505 South Jackson Street P.O. Box 8879 Moscow, ID 83843-1379

Phone (208) 882-0809 Fax 882-0633

September 11, 2000

John Weber, Chair
Urban Renewal Agency of the City of Moscow
P O Box 9203
Moscow ID 83843

Eugene & Jo Ann C. Thompson
Thompson Family Limited Partnership
3307 Pine Crest Road
Moscow ID 83843

RE: URA Modification Commitment

Bank of Pullman is pleased to offer our commitment to modify and extend the obligations covered by the two existing URA Revenue Allocation Bonds. Details of the commitment are:

- Amounts:
- a. \$135,000 tax-exempt (1997-A)
 - b. \$659,155 non-tax-exempt (1997-B refinance) based on closing on or before October 1, 2000.
- Interest Rate:
- a. Wall Street Journal Prime – 2.5% (currently 7.0%) variable interest rate
 - b. Wall Street Journal Prime (currently 9.5%) variable interest rate
- Term:
- a. 4 years
 - b. 15 years
- Annual Payment:
- a. Same as original agreement (see attached amortization)
 - b. Graduated payment starting at \$10,000 principal + interest annually beginning August 1, 2001. Principal amount increases by 19% annually until paid in full (see attached amortization).
- Collateral:
- a. Modification of Revenue Allocation (Tax Increment) Bond Agreement, Series 1997-A, to reduce interest rate from Prime – 1.75% to Prime – 2.5%.
 - b. Modification or re-issue of Revenue Allocation (Tax Increment) Bond, Series 1997-B, in amounts sufficient to cover payments and terms listed above.
 - a. & b. Continuation of \$400,000 guaranty from Thompson Family Limited Partnership.



Estimate of Costs & Fees:

- Modification & Extension fee \$ 1,000.00
- Any and all third-party expenses unknown at this time

This commitment is conditional upon the following:

GENERAL CONDITIONS:

1. This commitment is subject to the accuracy of all information, data, representations, exhibits and other matters submitted in connection with the application.

SPECIAL CONDITIONS:

- A. Conditional upon modification and/or reissue of Revenue Allocation Bond Agreements Series 1997A and 1997B sufficient to cover payments and terms listed.
- B. Conditional upon receipt of an acceptable written opinion from a qualified Bond Counsel stating maximum obligation amount to be classified as tax-exempt.
- C. Current Balance Sheet and tax return on Thompson Family Limited Partnership.
- D. This commitment expires September 30, 2000.

If you wish to accept this commitment, please sign and return one copy.

Please let me know if you have any questions. Thank you.

Sincerely,




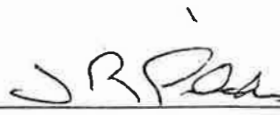
B. J. Swanson
Vice President

ACCEPTANCE:

We hereby accept this commitment.



DATED this 9/29/00 day of September, 2000.

Urban Renewal Agency of the City of Moscow, Obligor

By:  Attest: 
John A. Weber, Chair James R. Pilcher, Secretary

DATED this 29 day of September, 2000.

Thompson Family Limited Partnership, Guarantor

By:  Attest: 
Eugene Thompson Jo Ann C. Thompson

1997-B NON TAX-EXEMPT TO BE REFINANCED

AMORTIZATION URA City of Moscow

AMOUNT FINANCED: \$310,000.00 Prin. 1997B
 21,833.32 Int. 1997B as of 10/1/2000
 100,000.00 Prin. Thompson
 5,449.82 Int. on Thompson as of 10/1/2000
 157,900.00 City Warrants
 12,545.25 Int. on City Warrants as of 10/1/2000
 50,628.35 City expenses
 1,000.00 Loan Fee
\$659,154.74 TOTAL

INTEREST RATE 9.50% Variable: Wall Street Journal Prime

ANNUAL PAYMENTS Graduated: Prin + 19% ann plus interest

TERM 15 years with No Prepayment Penalty

DATE	PMT #	PMT AMT	INTEREST	PRINCIPAL	BALANCE
01-Oct-00	0				\$659,154.74
01-Aug-01	1	62,183.06	52,183.06	10,000.00	649,154.74
01-Aug-02	2	73,569.70	61,669.70	11,900.00	637,254.74
01-Aug-03	3	74,700.20	60,539.20	14,161.00	623,093.74
01-Aug-04	4	76,045.50	59,193.91	16,851.59	606,242.15
01-Aug-05	5	77,646.40	57,593.00	20,053.39	586,188.76
01-Aug-06	6	79,551.47	55,687.93	23,863.54	562,325.22
01-Aug-07	7	81,818.50	53,420.90	28,397.61	533,927.61
01-Aug-08	8	84,516.28	50,723.12	33,793.15	500,134.46
01-Aug-09	9	87,726.63	47,512.77	40,213.85	459,920.61
01-Aug-10	10	91,546.94	43,692.46	47,854.49	412,066.12
01-Aug-11	11	96,093.12	39,146.28	56,946.84	355,119.28
01-Aug-12	12	101,503.07	33,736.33	67,766.74	287,352.54
01-Aug-13	13	107,940.91	27,298.49	80,642.42	206,710.13
01-Aug-14	14	115,601.94	19,637.46	95,964.48	110,745.65
01-Aug-15	15	121,266.49	10,520.84	110,745.65	0.00
Totals		\$1,331,710.20	\$ 672,555.46	\$ 659,154.74	

1997-A TAX-EXEMPT LOAN MODIFIED TO LOWER RATE

AMORTIZATION URA City of Moscow

AMOUNT MODIFIED: \$135,000.00

INTEREST RATE 7.00% Variable: WSJ Prime - 2.5%

ANNUAL PAYMENTS Principal + Interest

TERM 4 years remaining

DATE	PMT #	PMT AMT	INTEREST	PRINCIPAL	BALANCE
01-Oct-00	0				\$135,000.00
01-Aug-01	1	38,400.00	8,400.00	30,000.00	105,000.00
01-Aug-02	2	36,300.00	6,300.00	30,000.00	75,000.00
01-Aug-03	3	39,025.00	4,025.00	35,000.00	40,000.00
01-Aug-04	4	41,400.00	1,400.00	40,000.00	0.00

\$155,125' \$20,125

* Original terms call for interest payments each August and principal & interest payments in February. For comparison and cash flow purposes only, this schedule consolidates the two into annual equivalents. The actual loan terms will remain the same with February and August payments due.

COMBINED ANNUAL PAYMENTS DUE

DATE	PMT #	PAYMENT	BALANCE
01-Oct-00	0		\$794,154.74
01-Aug-01	1	100,583.06	754,154.74
01-Aug-02	2	109,869.70	712,254.74
01-Aug-03	3	113,725.20	663,093.74
01-Aug-04	4	117,445.50	606,242.15
01-Aug-05	5	77,646.40	586,188.76
01-Aug-06	6	79,551.47	562,325.22
01-Aug-07	7	81,818.50	533,927.61
01-Aug-08	8	84,516.28	500,134.46
01-Aug-09	9	87,726.63	459,920.61
01-Aug-10	10	91,546.94	412,066.12
01-Aug-11	11	96,093.12	355,119.28
01-Aug-12	12	101,503.07	287,352.54
01-Aug-13	13	107,940.91	206,710.13
01-Aug-14	14	115,601.94	110,745.65
01-Aug-15	15	121,266.49	0.00
Totals		\$1,486,835.20	