

RESOLUTION NO. URA 2007-3

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 \$561,795.24 PRINCIPAL AMOUNT OF REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BONDS, SERIES 2007; 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 AMERICANWEST BANK; 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 AmericanWest Bank in order to finance such improvements; and

WHEREAS, the Agency previously refunded the Series 1997 Bonds and certain additional loans incurred to pay a portion of the debt service on the Series 1997 Bonds with its Revenue Allocation (Tax Increment) Refunding Bonds, Series 1997, authorized by Resolution URA 2000-03, in the aggregate principal amount of \$794,154.74; and

WHEREAS, a proposal to purchase the refunding bonds has been submitted to the Agency by AmericanWest Bank; 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.

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.

Bank shall mean AmericanWest Bank, Spokane, Washington, a Washington banking corporation doing business in the state of Idaho, 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 June 1 of each year and ending on the following May 31, 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 May 31, and the last Bond Year shall terminate upon the retirement of the Bonds.

Bonds shall mean the Series 2007 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.

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 the Series 2000B Bonds.

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 2007-3, adopted on May 3, 2007.

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 Resolution No. URA 2003-03, representing bonds bearing interest at the Tax-Exempt Rate pursuant to the Bond Purchase Agreement applicable to the Series 2000 Bonds.

Series 2000B Bonds shall mean the Bonds issued pursuant to Section 3.2(B) of Resolution No. URA 2003-03, representing bonds bearing interest at the Prime Rate pursuant to the Bond Purchase Agreement applicable to the Series 2000 Bonds.

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 approximately \$570,000. Costs of the Refunding Project not paid for with proceeds of the Bonds will be paid with other legally available funds of the Agency.

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) Refunding Bonds, Series 2007" 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

The Series 2007 Bonds shall be dated as of their date of delivery, shall be issued in the aggregate principal amount of \$561,795.24, shall be issued in fully registered form as a single bond representing the aggregate of the payments set forth below, shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, at the fixed rate of 4.75% per annum, payable commencing on August 1, 2007 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, 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 2007 Bond shall be substantially in the form of Exhibit "B" which is annexed hereto and by reference incorporated herein. The Series 2007 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 2007 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, manually 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 their expenses and charges of the Agency and the Registrar in connection therewith and upon their 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 the Treasurer's 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 was previously redesignated the "Debt Service Fund," and (2) a Debt Service Reserve Account, which was previously 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 5.3 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 5.4 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 2007 Bonds, as may be set forth in the Tax Certificate of the Agency with respect to the Series 2007 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 June 1, 2007 (the date of closing).

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 Refunding Plan will be accomplished by the exchange of this Bond for any outstanding 2000B Bonds.

Any 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.

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 June 1, 2007, 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 this Section 9.1, 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 so 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, 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. If the Agency proposes 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. Amounts 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 TAX EXEMPTION AND SPECIAL DESIGNATION

A. Tax Covenants: The Agency hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the Agency which may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code which will cause the Bond to be an "arbitrage bond" within the meaning of said section and said regulations. The Agency will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) throughout the term of the Bond. The Agency hereby further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute a "private activity bond" under Section 141 of the Code.

B. Special Designation: The Bond is hereby designated as a "Qualified Tax-Exempt Obligation" for purposes of Section 265(b) of the Code. The Agency does not expect to issue tax-exempt obligations in an aggregate principal amount in excess of \$10,000,000 during the 2007 calendar year.

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 a 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 publish notice of the adoption of this Resolution, substantially in the form set forth in Exhibit "A" 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 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 May 3, 2007.
Signed by the Chairman of the Board of Commissioners, and attested by the Secretary to the
Board of Commissioners, on May 3, 2007.

URBAN RENEWAL AGENCY OF THE
CITY OF MOSCOW


Chairman, Board of Commissioners

ATTEST:

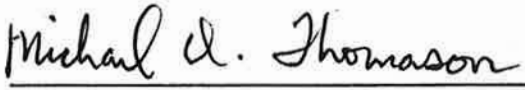

Secretary



EXHIBIT "A"

NOTICE OF BOND RESOLUTION NO. 2007-3

PUBLIC NOTICE is hereby given by the Urban Renewal Agency of the City of Moscow (the "Agency"), that on May 3, 2007, the Board of Commissioners of the Agency approved and adopted Resolution No. URA 2007-3 (the "Bond Resolution").

The Bond Resolution authorizes the issuance of the Revenue Allocation (Tax Increment) Refunding Bonds, Series 2007 (the "Bonds") of the Agency in the aggregate principal amount of \$561,795.24.

The Bonds are being issued to provide funds for the purpose of paying and currently refunding the Agency's outstanding obligations, its 2000B Bonds, which obligation was issued to refund the Series 1997A and Series 1997B Bonds, which obligations were issued to fund the acquisition of public infrastructure improvements, including public streets, public utilities, public park improvements, and other public improvements within the Research and Technology Competitively Disadvantaged Border Community Urban Renewal Area, pursuant to the Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan duly approved by adoption of Ordinance NO. 96-12 of the City of Moscow on July 1, 2006.

The Bond Resolution pledges to the payment of the Bonds certain Pledged Revenues consisting of Incremental Tax Revenues as more fully set forth in the Bond Resolution and in a Bond Purchase Agreement between the Agency and AmericanWest Bank. Copies of the Bond Resolution and the Bond Purchase Agreement are on file at the office of the Agency, Moscow City Hall, Moscow, Idaho, and are available for public inspection during normal office hours.

The Bond Resolution became effective upon its passage and approval on May 3, 2007.

In accordance with the provisions of Section 50-2911 of the Idaho Code, no direct or collateral action attacking or otherwise questioning the validity of the Bonds shall be brought prior to the effective date of the Bond Resolution authorizing such Bonds or after the elapse of thirty (30) days from and after the effective date of the Bond Resolution authorizing such Bonds.

By Order of the Board of Commissioners of the Urban Renewal Agency of the City of Moscow, dated the 3rd day of May, 2007.

URBAN RENEWAL AGENCY OF THE CITY
OF MOSCOW

By John D. McCabe
Chairman

ATTEST:

Michael D. Thomason
Secretary

Notice to be published in Official Newspaper of the City upon adoption by the Board of the URA.

EXHIBIT "B"
FORM OF BOND

UNITED STATES OF AMERICA

\$561,795.24

STATE OF IDAHO

URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW
Latah County, Idaho

REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BOND, 2007-3

INTEREST RATE: 4.75%

REGISTERED OWNER: AMERICANWEST BANK

TAX IDENTIFICATION NO.: 91-0921311

PRINCIPAL AMOUNT: FIVE HUNDRED SIXTY-ONE THOUSAND SEVEN
HUNDRED NINETY-FIVE AND 24/100 DOLLARS

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW, an independent public body corporate and politic, duly organized and existing under the laws of the State of Idaho (the "Agency"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above the Principal Amount indicated above. The Bond shall bear interest at the rate set forth above. Interest shall be payable beginning on August 1, 2007, and annually on each August 1 thereafter. Interest shall be calculated on the basis of a year of a twelve-month, 360 day year. The outstanding principal balance of the Bond and all accrued and unpaid interest thereon shall be due and payable at final maturity of the Bond on August 1, 2015.

Both principal of and interest on this Bond are payable in lawful money of the United States of America. The Bond is a special limited obligation of the Agency and is not an obligation of the City of Moscow, the State of Idaho or any political subdivision thereof other than the Agency, and neither the full faith and credit nor the taxing power of the City or the State of Idaho is pledged to the payment of the Bond. The Agency has no taxing power.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Resolution No. URA 2007-3 of the Agency, passed on May 3, 2007, (the "Bond Resolution") until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar. Any capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Bond Resolution.

Principal of this Bond is subject to partial prepayment and acceleration as provided in the Bond Resolution.

The Agency does hereby pledge to the Registered Owner, for the security of payment of this Bond, and will deposit the Revenue Allocation proceeds into the Bond Fund and bind itself to pay the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution. The deposit account for the Fund shall be maintained with the Registered Owner.

In case of default in the payment on this Bond of any of the principal or interest, when the same shall become due and payable, the Registered Owner may immediately institute suit to collect the unpaid principal and interest on the Bond. In the event of any default under this Bond, or in the event that any dispute arises (whether or not such dispute is with Agency) relating to the interpretation, enforcement or performance of this Bond, the prevailing party in the litigation, or the Lender if the fees and costs are incurred in a non-litigation proceeding, will be entitled to collect from the Agency all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, expert witnesses, mediators and court reporters.

Interest on this Bond is excluded from gross income for federal and state income tax purposes.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Idaho and resolution of the Agency to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as prescribed by law, and that the amount of this Bond, together with all other obligations or indebtedness of the Agency, does not exceed any constitutional or statutory limitations of indebtedness.


IN WITNESS WHEREOF, the Agency has caused this Bond to be signed by the manual or facsimile signature of its Chairman and Treasurer, attested by the manual or facsimile signature of its Secretary, as of this 1st day of June, 2007.

THE URBAN RENEWAL AGENCY OF
THE CITY OF MOSCOW, IDAHO


Chairman


Treasurer


Attest:


Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is the Urban Renewal Agency of the City of Moscow, Idaho, Revenue Allocation (Tax Increment) Refunding Bond, 2007-3, dated as of June 1, 2007, as described in the Bond Resolution.

By 
Agency Treasurer, as Bond Registrar

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

TEN COM - as 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

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not listed above.

EXHIBIT "C"

BOND PURCHASE AGREEMENT

K:\21259\00001\MCO\MCO_R3F8U

UNITED STATES OF AMERICA

\$561,795.24

STATE OF IDAHO

URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW

Latah County, Idaho

REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BOND, 2007

INTEREST RATE: 4.75%

REGISTERED OWNER: AMERICANWEST BANK

TAX IDENTIFICATION NO.: 91-0921311

PRINCIPAL AMOUNT: FIVE HUNDRED SIXTY-ONE THOUSAND SEVEN
HUNDRED NINETY-FIVE AND 24/100 DOLLARS

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW, an independent public body corporate and politic, duly organized and existing under the laws of the State of Idaho (the "Agency"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above the Principal Amount indicated above. The Bond shall bear interest at the rate set forth above. Interest shall be payable beginning on August 1, 2007, and annually on each August 1 thereafter. Interest shall be calculated on the basis of a year of a twelve-month, 360 day year. The outstanding principal balance of the Bond and all accrued and unpaid interest thereon shall be due and payable at final maturity of the Bond on August 1, 2015.

Both principal of and interest on this Bond are payable in lawful money of the United States of America. The Bond is a special limited obligation of the Agency and is not an obligation of the City of Moscow, the State of Idaho or any political subdivision thereof other than the Agency, and neither the full faith and credit nor the taxing power of the City or the State of Idaho is pledged to the payment of the Bond. The Agency has no taxing power.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Resolution No. URA 2007-3 of the Agency, passed on May 3, 2007, (the "Bond Resolution") until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar. Any capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Bond Resolution.

Principal of this Bond is subject to partial prepayment and acceleration as provided in the Bond Resolution.

The Agency does hereby pledge to the Registered Owner, for the security of payment of this Bond, and will deposit the Revenue Allocation proceeds into the Bond Fund and bind itself to pay the various amounts required by the Bond Resolution to be paid into and maintained in such Fund, all within the times provided by the Bond Resolution. The deposit account for the Fund shall be maintained with the Registered Owner.

In case of default in the payment on this Bond of any of the principal or interest, when the same shall become due and payable, the Registered Owner may immediately institute suit to collect the unpaid principal and interest on the Bond. In the event of any default under this Bond, or in the event that any dispute arises (whether or not such dispute is with Agency) relating to the interpretation, enforcement or performance of this Bond, the prevailing party in the litigation, or the Lender if the fees and costs are incurred in a non-litigation proceeding, will be entitled to collect from the Agency all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, expert witnesses, mediators and court reporters.

Interest on this Bond is excluded from gross income for federal and state income tax purposes.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Idaho and resolution of the Agency to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as prescribed by law, and that the amount of this Bond, together with all other obligations or indebtedness of the Agency, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, the Agency has caused this Bond to be signed by the manual or facsimile signature of its Chairman and Treasurer, attested by the manual or facsimile signature of its Secretary, as of this 1st day of June, 2007.

THE URBAN RENEWAL AGENCY OF
THE CITY OF MOSCOW, IDAHO




Chairman



Treasurer

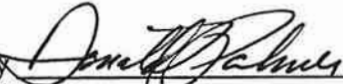
Attest:


Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is the Urban Renewal Agency of the City of Moscow, Idaho, Revenue Allocation (Tax Increment) Refunding Bond, 2007-3, dated as of June 1, 2007, as described in the Bond Resolution.

By 
Agency Treasurer, as Bond Registrar

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

TEN COM - as 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

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not listed above.

CERTIFICATION

I, the undersigned, Secretary of the Board of Commissioners of the Urban Renewal Agency of the City of Moscow, of Latah County, Idaho, HEREBY CERTIFY that the foregoing Resolution is a full, true and correct copy of a Resolution duly passed and adopted at a regular meeting of the Board of Commissioners of the Agency, duly and regularly held at the regular meeting place thereof on May 3, 2007, of which meeting all members of said Agency had due notice, and at which a majority thereof were present, and that at said meeting said Resolution was adopted by the following vote:

AYES, and in favor thereof, Commissioners: *John McCabe, Chairman ;
Mike Thomason, Secretary ; John Weber, Commissioner.*

NOES, Commissioners:

ABSENT, Commissioners:

ABSTAIN, Commissioners:

I FURTHER CERTIFY that I have carefully compared the same with the original Resolution on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting; and that said Resolution has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand on May 3, 2007.

Michael D. Thomason

Secretary



**CITY OF MOSCOW URBAN RENEWAL AGENCY
Latah County, Idaho**

**CROSS-RECEIPT OF THE URBAN RENEWAL AGENCY
OF THE CITY OF MOSCOW AND AMERICANWEST BANK**

The undersigned representatives of the City of Moscow Urban Renewal Agency ("Agency") and American West Bank ("Bank") hereby acknowledge receipt of the following:

The Agency acknowledges receipt from the Bank:

- 1) Bond issued by the City of Moscow Urban Renewal Agency bearing interest at the rate of 8.25%, which Bond shall be cancelled as of this date.

The Bank acknowledges receipt of the following from the Agency:

- 1) Check of warrant from the Agency in the amount of \$40,610.18, determined as follows:
 - a. Interest on the existing Bond through June 1, 2007, in the amount of \$39,110.18; and
 - b. Bank modification fee of \$1,500.
- 2) Replacement Bond in the principal amount of \$561,795.24 at an interest rate of 4.75%.
- 3) Legal Opinion of Kirkpatrick & Lockhart Preston Gates Ellis LLP dated June 1, 2007.

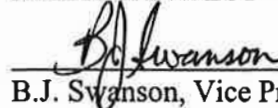
Delivery of the above referenced documents and funds are hereby acknowledged by representatives of the Agency and the Bank.

CITY OF MOSCOW URBAN RENEWAL
AGENCY



John McCabe, Chair, Board of Commissioners

AMERICANWEST BANK



B.J. Swanson, Vice President

CITY OF MOSCOW URBAN RENEWAL AGENCY
Latah County, Idaho

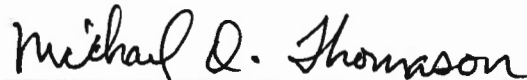
INCUMBENCY CERTIFICATE

I, the undersigned, being the duly appointed and active Secretary of the Board of Commissioners of the City of Moscow Urban Renewal Agency of Latah County, Idaho, DO HEREBY CERTIFY that the following are the acting chairman and members of the Board of Commissioners as of May 3, 2007, being the date of adoption of Resolution No. URA 2007-3 (the "Bond Resolution"), authorizing the issuance and sale of the Agency's Revenue Allocation (Tax Increment) Refunding Bonds, 2007, and as of the date of this Certificate.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John McCabe	Chairman	December 31, 2008
John Weber	Commissioner	December 31, 2008
Mike Thomason	Commissioner	December 31, 2009

Dated as of June 1, 2007

CITY OF MOSCOW URBAN RENEWAL
AGENCY



Mike Thomason, Secretary

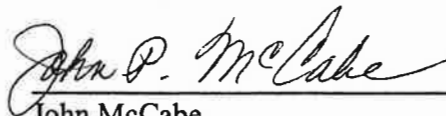
CITY OF MOSCOW URBAN RENEWAL AGENCY
Latah County, Idaho

CERTIFICATE OF AGENCY

The undersigned representative of the Agency provides this certificate in conjunction with the refinancing and issuing of its Bond entitled the City of Moscow Urban Renewal Agency Revenue Allocation (Tax Increment) Refunding Bond 2007 ("Bond"). Capitalized terms used herein shall have the meaning given them in this Certificate or the Bond Resolution. I hereby certify the following:

- 1) The Agency and the City of Moscow ("City") adopted the Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan ("Plan") in 1997, which Plan identified certain public improvements to be constructed.
- 2) The Agency issued Bonds (City of Moscow Urban Renewal Agency Revenue Allocation (Tax Increment) Bonds Series 2000) in the aggregate principal amount of \$794,154,74 ("Refunded Bonds") to construct improvements which were part of the Plan. The improvements constructed included streets, sidewalks, storm drains, drainage, water, utility improvements and a park (the "Improvements"). The Refunded Bonds were issued at the time the original developer owned all of the lots benefited by the Plan. In addition, the developer had a form of credit enhancement (Guarantee) in place in order to secure a portion of the payment of the principal of and interest on the Refunded Bonds.
- 3) The developer no longer owns the lots which benefited from the Improvements and there is no guarantee of the repayment of the Refunded Bonds by the developer or by any other Private Person. The Improvements are owned by the City or Agency and used for the benefit of the public.

CITY OF MOSCOW URBAN RENEWAL
AGENCY, LATAH COUNTY, IDAHO



John McCabe
Chair, Board of Commissioners

**TAX CERTIFICATE
CITY OF MOSCOW URBAN RENEWAL AGENCY**

\$561,795.24

REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BOND, SERIES 2007

THIS TAX CERTIFICATE is executed by City of Moscow Urban Renewal Agency (the "Agency") as of June 1, 2007, to establish the facts and circumstances that are necessary to determine that its \$561,795.24 Revenue Allocation (Tax Increment) Refunding Bond, Series 2007 is not an "arbitrage bond" within the meaning of Section 148 of the Code and is not a "private activity bond" under Section 141 of the Code.

Section 1 of this Tax Certificate lists the principal facts and expectations that the Agency is certifying to be accurate, and that allow the conclusion that interest on the Bond is excludable from gross income under the Code.

Section 2 of this Tax Certificate lists the basic arbitrage restrictions that apply to the Bond.

Other sections of this Tax Certificate contain detailed representations and statements of law that support the conclusion that Bond interest is excludable from gross income under Section 103(a) of the Code.

Capitalized terms that are used, but are not defined, in body of this Tax Certificate are defined in Section 10 of this Tax Certificate.

Section 1. Basic Facts and Expectations

1.1 General Representations about the Agency and the Bond:

- (A) I am an officer of the Agency, and I am charged with the responsibility for certifying the Agency's expectations regarding the amount and use of the proceeds of the Bond.
- (B) The Agency has authorized the Bond in a Resolution adopted by the Board of Commissioners on May 3, 2007.
- (C) The Agency is issuing the Bond on the date of this Tax Certificate.
- (D) The Bond is being issued to provide funds to acquire real property that will be traded for real property to be redeveloped and used to refund a bond issued initially for public and community purposes (the "Capital Project"), and to pay the costs of issuing the Bond.

- (E) In preparing this Tax Certificate, the Agency has relied upon certain information provided by AmericanWest Bank in its' Commitment Letter which is attached to and incorporated into the Bond Resolution.
- (F) The Agency has established the City of Moscow Renewal Agency Debt Service Fund ("Debt Service Fund") that is to be used primarily to achieve a proper matching of revenues with principal and interest requirements on the Bond and other debt obligations within each Bond Year.
- (G) The Agency has not created, and does not expect to create, any funds or accounts except the Debt Service Fund to hold money to pay the Bond.
- (H) The Agency will not employ any device in connection with the issuance of the Bond to obtain a material financial advantage (based upon arbitrage).

1.2 General Representations about the Capital Project

- (A) The Agency reasonably expects to use the proceeds of this Bond to immediately refund the 2000 Bond in a current refunding.
- (B) The weighted average maturity of the Bond does not exceed 120 percent of the average reasonably expected economic life of the capital project financed by the Bond.

Section 2. Basic Arbitrage Consequences

- 2.1 The yield on the Bond has been calculated by AmericanWest Bank to be 4.77% using the economic accrual method required by Section 1.148-4(a) of the Income Tax Regulations. The Bond is a fixed yield issue, and the Bond yield will not be affected by subsequent unexpected events.

2.2 Based on the facts and expectations stated in Section 1

(A) Limitations on Investments (Yield Restriction)

- (1) *Sale Proceeds of the Bond* The Agency may invest the Sale Proceeds of the Bond, and the investment earnings thereon, without restriction until May 31, 2010.
- (2) *Amounts Deposited into the Debt Service Fund*
 - (A) To the extent that amounts deposited in the Debt Service Fund qualify as a Bona Fide Debt Service Fund, the Agency may invest such amounts without restriction until the final maturity of the Bond.
 - (B) To the extent that amounts deposited in the Debt Service Fund do not qualify as a Bona Fide Debt Service Fund, the Agency will consult with Bond Counsel to determine if and when such amounts are subject to yield restriction.

- (3) *Minor Portion* The Agency may invest a minor portion of the proceeds of the Bond equal to \$100,000.00 without restriction until the final maturity of the Bond.

(B) Rebate

The Agency will not be obligated to pay a rebate to the United States under Section 148 of the Code on the Bond, because:

- (A) The Agency is a governmental unit which operates on tax revenue and is authorized to receive and expend tax revenue;
- (B) None of the proceeds of the Bond will be used in any manner that would cause the Bond to be "private activity bond" within the meaning of Section 141 of the Code;
- (C) At least 95% of the Net Sale Proceeds of the Bond will be used for local governmental activities of the Agency; and
- (D) The aggregate face amount of all tax-exempt-obligations (other than "private activity bond" as defined in Section 141 of the Code), including the Bond, issued by the Agency and any subordinate entities of the Agency during the calendar year 2007, is not reasonably expected to exceed \$5,000,000.

Section 3. Sources and Uses of Proceeds

3.1 Amounts received by the Agency

- (A) The amounts actually or constructively received by the Agency from the sale of the Bond is as follows:

Face Amount of Bond	\$561,795.24
Sale Proceeds of Bond	\$560,295.24

- (B) The Bond is dated as of the Date of Issue and the Agency will not receive any accrued interest from the sale of the Bond.

3.2 Uses of Proceeds

The amounts received by the Agency from the sale of the Bond will be allocated to the following uses in the following amounts:

Costs of Issuance	\$8,000
Refunding 2000 Bond	<u>561,795.24</u>
Total Uses of Sale Proceeds	\$553,795.24

Section 4. General Representations

- 4.1 There are no other tax exempt obligations of the Agency that (a) have sale dates within 14 days of the sale date of the Bond, (b) are sold pursuant to the same plan of financing together with the Bond, and (c) are reasonably expected to be paid out of substantially the same source of funds as the Bond.
- 4.2 No portion of the proceeds of the Bond will be used as a substitute for other funds which will otherwise be used to acquire, directly or indirectly, securities, obligations, annuity contracts or other investment type property that are Materially Higher Yield Investments.
- 4.3 There is no direct monetary benefit, such as a rebate of bond insurance premium, surety bond premium or letter of credit fee that the Agency will receive by issuing the Bond.
- 4.4 The term of the Bond is not longer than is reasonably necessary for its purposes. The amount the Agency will receive from the sale of the Bond is not substantially in excess of the amounts necessary to accomplish the purposes for which the Bond is issued. The Agency does not reasonably expect to sell, encumber or otherwise dispose of any portion of the facilities financed or refinanced with the Bond unless they wear out, become obsolete or become unfit for use as part of the projects financed by the Bond.

Section 5. Reimbursement Bond

- 5.1 Proceeds of the Bond will be applied to reimburse the Agency for expenditures paid prior to the date of delivery of the Bond only if the expenditures are described in paragraphs (A), (B), (C) or (D) below:
 - (A) Preliminary expenditures such as architectural, engineering, surveying, soil testing, bond issuance costs and similar costs that, in the aggregate, are not in excess of 20 percent of the Sale Proceeds of the Bond. The costs of land acquisition, site preparation and similar costs incident to commencement of construction are not preliminary expenditures.
 - (B) Expenditures for issuance costs and for an amount not in excess of the lesser of \$100,000 or 5% of the proceeds of the Bond.
 - (C) Expenditures that are described in a reimbursement resolution or other declaration of official intent that satisfy the requirements of Section 1.150-2 of the Income Tax Regulations and are paid no earlier than 60 days prior to the adoption by the Agency of such resolution or declaration of official intent can be reimbursed with the proceeds of the Bond if the date of reimbursement from Bond proceeds is no later than 3 years after the later of (i) the date on which the expenditure was paid or (ii) the date on which the property financed in whole or in part by the expenditure was placed in service.
 - (D) Expenditures that are paid within 60 days prior to the date of delivery of the Bond.

Section 6. Federal Guarantee Prohibition

6.1 The Bond is not "federally guaranteed" and the Agency will not cause or allow the Bond to become "federally guaranteed." Unless otherwise excepted under Section 149(b) of the Code, the Bond will be considered "federally guaranteed" if:

- (A) The payment of principal and interest with respect to the Bond is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof);
- (B) Five percent or more of the proceeds of the Bond is
 - (1) To be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof); or
 - (2) To be invested (directly or indirectly) in federally insured deposits or accounts; or,
- (C) The payment of principal of or interest on the Bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

Section 7. Hedge Bond Representation.

The Bond is not "hedge bond" as defined in Section 149(g) of the Code, because the Agency reasonably expects to spend 85% of the Sale Proceeds of the Bond within three years from the Date of Issue of the Bond and will not invest more than 50% of such Sale Proceeds in nonpurpose investments having a substantially guaranteed yield for four years or more.

Section 8. Private Use Limitation

8.1 The Bond is not a private activity bond, and therefore, is subject to restrictions on the use of the property financed by such Bond by Private Persons.

(A) General Private Use Limitation

- (1) Less than 10% of the proceeds of the Bond will be used, directly or indirectly, in a Private Use.
- (2) Less than 10% of the principal or interest payments on the Bond will be, directly or indirectly,
 - (A) Secured by any interest in property used or to be used for any Private Use,
 - (B) Secured by payments in respect of property used or to be used for any Private Use, or
 - (C) Derived from payments with respect to property, or borrowed money, used or to be used for any Private Use.

(B) Private Loan Financing Test

- (1) None of the proceeds of the Bond will be used, directly or indirectly, to make or finance loans.

(C) Unrelated Use Limitation

- (1) The amount of Private Use that is unrelated or disproportionate to the governmental purposes of the Bond will not exceed 5 percent of the proceeds of such Bond.
- (2) A facility is generally considered to be used for a related private business use if it must be located within, or adjacent to, the governmentally used facility. Use of a facility by a Private Person for the same purpose as use by a governmental person is treated as a related use if the governmental use is significant. Similarly, a use of a facility in the same manner both for private business use that is related use and private business use that is unrelated use does not result in unrelated use if the related use is significant.
- (3) A private business use is disproportionate to a related government use only to the extent that the amount of proceeds used for that private business use exceeds the amount of proceeds used for the related government use.

8.2 Change in Use.

- (A) While the Agency does not expect that any of the property financed with the proceeds of the Bond will be used in a manner that could cause the Bond to become private activity Bond, in the event that circumstances change and a use is made of the property that could result in the Bond becoming a private activity bond, the Agency will consult with its bond counsel and will take any remedial actions required by Section 1.141-12 of the Income Tax Regulations.
- (B) The Bond is subject to repayment within 5 years after the Date of Issue.

Section 9. Bank Qualification The Agency has designated the Bond as a "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

Section 10. Definitions

10.1 "Bank" means AmericanWest Bank.

10.2 "Bona Fide Debt Service Fund" means an account that will be used primarily to achieve a proper matching of revenues with principal and interest requirements on the Bond within each Bond Year and that will be completely depleted at least once each Bond Year except for a reasonable carryover amount that will not exceed the greater of: (a) the earnings on the Bona Fide Debt Service Fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bond for the immediately preceding Bond Year.

- 10.3 "Bond Year" means each one year period that ends on June 1. The first Bond Year ends June 1, 2008.
- 10.4 "Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings issued under that Code.
- 10.5 "Date of Issue" means June 1, 2007.
- 10.6 "Investment" means any security, obligation, annuity contract, investment-type property and any tax-exempt obligation that is a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. Investment-type property is property held primarily for the production of income.
- 10.7 "Materially Higher Yield Investment" means investments having a yield more than one-eighth of one percentage point above the arbitrage yield except that the investment yield for amounts to provide for payment of principal or interest on other obligations of the Agency and for any Replacement Proceeds is materially higher if it is more than one-thousandth of one percent above the arbitrage yield. If yield restricted investments in the same class are subject to different definitions of materially higher, the applicable definition of materially higher that produces the lowest permitted yield applies to all investments in the class. If an investment is a tax-exempt obligation, but is not investment property, there is no yield limitation.
- 10.8 "Private Person" means any person or entity other than a state or local governmental unit, including the federal government and an organization described in Section 501(c)(3) of the Code.
- 10.9 "Private Use" means 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 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 contract, service or incentive payment contract, output contract or other special arrangement) in such a manner as to set the Private Person apart from the general public.
- 10.10 "Replacement Proceeds" means any amounts that have a sufficiently direct nexus to the Bond or to the governmental purposes of the Bond to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bond were not used for that purpose. Replacement Proceeds include, but are not limited to, sinking funds, pledged funds and other amounts that have a nexus to the governmental purposes of the Bond to the extent that these funds or amounts are held by or derived from a substantial beneficiary of the Bond. Replacement Proceeds also include amounts that arise to the extent that the Agency reasonably expects as of December 21, 2006, that the term of the Bond will be longer than is reasonably necessary for the governmental purposes of the Bond and there will be available amounts during the period that the Bond remain outstanding longer than necessary.

10.11 "Sale Proceeds" means any amounts actually or constructively received from the sale of the Bond including amounts used to pay compensation to the Bank and accrued interest other than pre-issuance accrued interest.

DATED this 1st day of June, 2007.

CITY OF MOSCOW URBAN RENEWAL AGENCY

By: 
Donald Palmer, Treasurer