

RESOLUTION NO. URA 97-01

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 \$600,000 PRINCIPAL AMOUNT OF REVENUE ALLOCATION (TAX INCREMENT) BONDS, SERIES 1997; 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; REPEALING RESOLUTION NO. URA 96-05, ADOPTED ON OCTOBER 29, 1996; 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 now desires to undertake 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 (the "Project"), and

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to authorize the issuance, sale, and delivery of its bonds (the "Bonds") therefor; and

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

WHEREAS, the Agency, by and through its Agency Liaison, 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.

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 name(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 the Urban Renewal Agency of the City of Moscow Revenue Allocation (Tax Increment) Bonds, Series 1997A and Series 1997B, authorized by this Resolution to be issued, sold, and delivered in the aggregate principal amount of \$600,000. The Bonds may be issued in one or more series and may or may not bear tax-exempt interest.

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 head, 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.

Construction Fund shall mean the fund created by Section 5.2 of this Resolution.

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 Acquisition and Construction with respect to the Project shall include, together with any other proper item of cost not specifically mentioned herein, the Costs of Issuance of the Bonds, the cost of demolition, the cost of acquisition and construction of the Project and the financing thereof, the cost, whether incurred by the Agency or another, of field surveys and advance planning undertaken in connection with the Project, and the cost of acquisition of any land or interest therein required as the sites thereof or for use in connection therewith, the cost of preparation of the sites thereof and of any land to be used in connection therewith, the cost of any indemnity and surety bonds and insurance premiums, allocable administrative and general expenses of the Agency, allocable portions of inspection expenses,

financing charges, legal fees, and fees and expenses of financial advisors and consultants in connection therewith, cost of audits, the cost of all machinery, apparatus and equipment, cost of engineering, the cost of utilities, architectural services, design, plans, specifications and surveys, estimates of cost, the payment of any bond anticipation notes of the Agency (including any interest and redemption premiums) issued to temporarily finance the payment of any item or items of cost of the Project and payable from the proceeds of the Bonds, and all other expenses necessary or incident to determining the feasibility or practicability of the Project, and such other expenses not specified herein as may be necessary or incident to the construction and acquisition of the Project, the financing thereof and the placing of the same in use and operation.

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.

Cost(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 Account shall mean the account of that name created within the Debt Service Fund by Section 5.3(A)(1) of this Resolution.

Debt Service Fund shall mean the fund by that name created by Section 5.3 of this Resolution.

Debt Service Reserve Account shall mean the account of that name created within the Debt Service Fund by Section 5.3(A)(2) of this Resolution.

Event of Default shall mean one or more of the events enumerated in Section 11.1 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.

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 plus 1.25%, established as of the date of issuance of the Series 1997B 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 if the 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.

Project shall mean the acquisition and construction of public infrastructure improvements, including streets, public utilities, public park improvements, and other public improvements pursuant to the Plan, as more particularly described in Section 2.1 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 97-01, adopted on January 7, 1997.

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

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

Series 1997A 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 1997B Bonds shall mean the Bonds issued pursuant to 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 1.75%, established as of the date of issuance of the Series 1997A 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, or his/her successor in function.

ARTICLE II

THE PROJECT

Section 2.1: THE PROJECT

The Project shall consist of the acquisition of real property and the construction of public infrastructure improvements, including streets, public utilities, public park improvements, and other public improvements in accordance with the Plan, and is more particularly described as follows: design and construction of two public streets, Alturas Parkway and Alturas Drive, including landscaping and lighting to provide public access from State Highway 8 to Blaine Street on completion of the second phase of the Plan; design and installation of concrete curb, gutter, sidewalk, and handicap ramps; widening of State Highway 8 to provide a deceleration lane for eastbound traffic and a turn bay for westbound traffic; development of a public park, including grass seeding and turf, trees, irrigation, benches, and development of a plaza; development of public pedestrian/bicycle parkway improvements, including a paved walkway; costs of construction administration; costs of issuance of the Bonds; and reimbursement of certain capital expenses of the Agency. The Agency hereby authorizes and directs the appropriate officers and agents of the Agency to carry out the acquisition and construction of the Project in accordance with this Resolution and with the Plan.

ARTICLE III

THE BONDS

Section 3.1: AUTHORIZATION

A. Bonds Authorized. In order to provide financing to pay the Costs of Acquisition and Construction of the Project, the Agency shall issue its bonds, designated "The Urban Renewal Agency of the City of Moscow Revenue Allocation (Tax Increment) Bonds, "Series 1997A" and "Series 1997B," 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 1997A Bonds. The Series 1997A Bonds shall be dated as of their date of delivery, shall be issued in the aggregate principal amount of \$175,000, shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof (provided that no single Series 1997A 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 February 1, 1998, and semiannually thereafter on each August 1 and

February 1 until their respective dates of maturity or prior redemption, and shall mature on February 1 in the following years and principal amounts:

<u>Maturity Date</u>	<u>Principal Amount</u>
February 1, 1999	\$ 15,000
February 1, 2000	25,000
February 1, 2001	30,000
February 1, 2002	30,000
February 1, 2003	35,000
February 1, 2004	40,000

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

Each Series 1997A Bond shall be substantially in the form of Exhibit "A" which is annexed hereto and by reference incorporated herein. The Series 1997A 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 1997A Bond shall be executed in accordance with Section 3.5 of this Resolution.

B. Description of the Series 1997B Bonds. The Series 1997B Bonds shall be dated as of their date of delivery, shall be issued in the aggregate principal amount of \$425,000, shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof (provided that no single Series 1997B 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 February 1, 1998, and semiannually thereafter on each August 1 and February 1 until their respective dates of maturity or prior redemption, and shall mature on February 1 in the following years and principal amounts:

<u>Maturity Date</u>	<u>Principal Amount</u>
February 1, 1999	\$ 50,000
February 1, 2000	65,000
February 1, 2001	75,000
February 1, 2002	75,000
February 1, 2003	75,000
February 1, 2004	85,000

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

Each Series 1997B Bond shall be substantially in the form of Exhibit "B" which is annexed hereto and by reference incorporated herein. The Series 1997B 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 1997B 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 it 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 at the address shown on the Bond Register, or at such address as may be furnished in writing by 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 or exchange, 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 the 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 FOR 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 is hereby created a fund, to be 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"). 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 three (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 restore any deficiency in the Reserve Account of the Debt Service Fund.

Fourth, to fund the Administration Fund;

Fifth, after payment in full of the Bonds, to make payments on the Owner Participation Note(s);

Sixth, for any lawful purpose of the Agency.

Section 5.2: CONSTRUCTION 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 "Research and Technology Park Urban Renewal Project Construction Fund" (the "Construction Fund"), into which shall be deposited the proceeds of the Bonds, and which shall be used to pay the Costs of Acquisition and Construction of the Project. The Treasurer shall maintain separate accounts within the Construction Fund for the proceeds of the Series 1997A and Series 1997B Bonds. Such proceeds may be invested by the Treasurer in lawful investments of the Agency which mature not later than such times as shall be necessary to provide moneys when needed to pay the Costs of Acquisition and Construction. All interest or other earnings on such investments shall be deposited into the Construction Fund. Moneys may be drawn from the Construction Fund for payment of the Cost of Acquisition and Construction upon approval of the Board. After completion of the Project, any balance in the Construction Fund shall be transferred to the Debt Service Fund, and the Construction Fund shall then be closed.

Section 5.3: DEBT SERVICE FUND

A. Debt Service Fund Created. There is hereby created a special fund, to be held by the Agency separate and apart from all other funds of the Agency, designated the "Debt Service Fund," which shall consist of two subaccounts: (1) a Debt Service Account, and (2) a Debt Service Reserve Account.

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

(2) Debt Service Reserve Account. Simultaneously with the issuance of the Bonds, the Agency shall deposit, from the proceeds of the Owner Participation Note, the sum of \$100,000.00, into the Debt Service Reserve Account, which account shall be maintained by the Agency so long as any Bonds remain Outstanding. So long as the amount on deposit in the Debt Service Reserve Account is at least \$100,000.00, all interest or investment earnings on the Debt Service Reserve Account shall be deposited into the Debt Service Account. Of the amount in the Debt Service Reserve Fund, 29.17% shall be allocable to the Series 1997A Bonds, and the remainder shall be allocable to the Series 1997B Bonds.

If, on any Debt Service payment date (or on the date of maturity or prepayment, in the case of principal) the amount in the Debt Service Account is less than the amount required to pay such Debt Service, the Agency shall apply amounts from the Debt Service Reserve Account to the extent necessary to make such payments.

Any deficiency in the Debt Service Reserve Account created by a withdrawal as authorized by the preceding paragraph shall be replaced as soon as practicable by deposits of lawfully available moneys from the Revenue Allocation fund until the Debt Service Reserve Account is restored to \$100,000.00.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt service Account, is sufficient to pay in full the amount of Bonds Outstanding, including interest thereon, the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account.

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 1997A Bonds, as may be set forth in the Tax Certificate of the Agency with respect to the Series 1997A 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 Bond 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 Bonds 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 Bond 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 it is estimated that the project to be financed by the Additional bonds will 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 or 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

COVENANTS OF THE AGENCY

Section 8.1: 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 other 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 8.1(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 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 8.1(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 Pledged 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 Pledged 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 8.1(I). 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 Pledged Revenues will not be materially reduced by such proposed 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 resolutions, 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 IX

SPECIAL TAX COVENANTS

Section 9.1: SPECIAL TAX COVENANTS

With respect to the Series 1997A 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 1997A Bonds from federal income taxation.

The Agency hereby covenants that it will not make any use of the proceeds of sale of the Series 1997A Bonds or any other funds of the Agency which may be deemed to be proceeds of such Series 1997A Bonds pursuant to Section 148 of the Code which will cause the Series 1997A 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 1997A Bonds) throughout the term of the Series 1997A 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 1997A 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 1997A 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 on the Series 1997A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 1997A Bonds is Outstanding, it will not permit:

(a) More than 10% of the principal or interest payments on the Series 1997A 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 1997A Bonds are used for any Private Person Use; and

(c) More than 5% of the principal or interest payments on the Series 1997A 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 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;

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 1997A 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 1997A 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 1997A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 1997A Bonds is Outstanding, it will not permit Bond proceeds in excess of 5% of the Net Proceeds of the Series 1997A 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 1997A Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Series 1997A 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 1997A 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 1997A 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 1997A Bonds.

ARTICLE X

AMENDMENTS

Section 10.1: 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 Registered 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 shall thereafter be determined, exercised and enforced thereunder, 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 XI

EVENTS OF DEFAULT

Section 11.1: 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 stated 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 11.2: 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 XII

OWNER PARTICIPATION NOTES

Section 12.1: OWNER PARTICIPATION NOTE(S)

The Agency reserves the right to issue one or more Owner Participation Notes to evidence loans to the Agency incurred to finance the Debt Service Reserve Account. Owner Participation Notes shall be payable from Pledged Revenues on a subordinate basis to the Bonds, as set forth in Section 5.1 of this resolution. Proceeds of the Owner Participation Notes shall be deposited into the Debt Service Reserve Account. All proceeds shall, to the extent practicable, be accounted for separately from the proceeds of the Bonds.

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 "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: REPEAL

Resolution No. URA 96-05, adopted on October 29, 1996, is hereby repealed.

Section 13.5: RATIFICATION

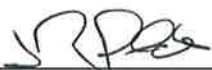
All actions heretofore taken by the Agency, its officers and staff, relating to the authorization and issuance of the Bonds, including, but not limited to, publication by the Agency Liaison, on behalf of the Agency, of a notice of negotiated private bond sale and notice of special meeting to consider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

Section 13.6: 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 January 7, 1997. Signed by the Chairman of the Board of Commissioners, and attested by the Secretary to the Board of Commissioners, on January 7, 1997.

URBAN RENEWAL AGENCY OF
THE CITY OF MOSCOW



Chairman, Board of Commissioners

ATTEST:


Secretary

(S E A L)



[Form of Series 1997A Bond]

UNITED STATES OF AMERICA

STATE OF IDAHO

COUNTY OF LATAH

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW

REVENUE ALLOCATION (TAX INCREMENT) BOND,
SERIES 1997A

Registered
No. _____

Registered
\$ _____

DATE OF ISSUE:

MATURITY DATE:

February __, 1997

February 1, _____

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW (the "Agency"), for value received, promises to pay from the Debt Service Fund, created by Resolution No. URA 97-01, adopted by the Board of Commissioners of the Agency on January 7, 1997 (the "Bond Resolution"), to

BANK OF PULLMAN

or registered assigns, as Registered Owner, on the maturity date specified above, the principal amount of _____ Dollars (\$ _____), and to pay interest thereon from the aforesaid Debt Service Fund from the Date of Issue set forth above, or the most recent date to which interest has been paid or duly provided for, at the Tax-Exempt Rate as defined in the Bond Resolution, payable commencing on February 1, 1998, and semiannually on each August 1 and February 1 thereafter, until the date of maturity or prior redemption of this Bond. Interest shall be computed on the basis of a 360-day year, consisting of twelve 30-day months.

Both principal of and interest on this Bond are payable in lawful money of the United States of America to the registered owner hereof, whose name and address shall appear on the registration books of the Agency (the "Bond Register") maintained by the Treasurer of the Agency (the "Registrar"). Payment of each installment of interest, or principal and interest, shall be made to the registered owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month

next preceding the payment date, and shall be paid by cash or immediately available funds of the Agency delivered to such registered owner on the due date at its address appearing on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Registrar.

This Bond shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not constitute a general obligation or debt of the City of Moscow, Idaho, or of any municipality, the State of Idaho, or any of its political subdivisions. In no event shall this Bond give rise to a general obligation or liability of the Agency, any municipality, the State of Idaho or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than those of the Agency specifically pledged therefor.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

This Bond is one of a duly authorized series of Bonds of like tenor, designation, interest rate, and effect, except for variations required to state numbers, dates, denominations, and dates of maturity, aggregating \$175,000 in principal amount. This Bond and the Bonds of this issue are limited obligations of the Agency payable solely from the Pledged Revenues (as such capitalized terms are defined in the Bond Resolution) deposited into the Debt Service Fund referred to above. For a more particular description of the Debt Service Fund, the revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Bond Resolution.

This Bond is issued by the Agency pursuant to and in full compliance with the Constitution and laws of the State of Idaho, particularly the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20 (the "Act"), and also pursuant to the Bond Resolution, for the purpose of providing part of the monies to finance the Cost of Acquisition and Construction of an urban renewal project consisting generally of public infrastructure improvements, including public streets, public utilities, public park improvements, and other public improvements pursuant to the Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan (the "Project"), more fully described in the Bond Resolution, pursuant to Section 50-2012(f), Idaho Code. This Bond shall be conclusively deemed to have been issued for such purpose and such Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Act.

The Agency has reserved the right, at its option, to redeem this Bond on any interest payment date, in whole or in part, at the price of 100% of the principal amount hereof, plus accrued interest to the date of redemption.

Unless waived by the registered owner of this Bond, notice of any such redemption shall be sent by the Agency by registered or certified mail not less than ten (10) days prior to the date fixed for redemption to the registered owner at the address shown on the Bond Register maintained by the Registrar, or at such other address as may be furnished in writing by such registered owner to the Registrar. When so called for redemption, the Bond 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 the Bond shall not be deemed to be Outstanding as of such redemption date.

This Bond is transferable by the registered owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at the principal office of the Registrar. Upon such transfer, a new Bond of the same maturity and interest rate, and for the same principal amount, will be issued to the transferee in exchange therefor. Provided, however, that the Registrar shall not be required to transfer this Bond within fifteen calendar days of its date of maturity.

The Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payments of principal hereof and interest due hereon and for all other purposes, and the Registrar shall not be affected by any notice to the contrary.

The covenants contained herein and in the Bond Resolution may be discharged by making provision, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Bond Resolution.

It is hereby certified and declared that all acts, conditions and things essential to the validity of this Bond do exist, have happened, and have been done and that every requirement of the Constitution and statutes of the State of Idaho and the resolutions of the Agency affecting the issue hereof has been duly complied with; and that the Pledged Revenues have been pledged and will be set aside into the Debt Service Fund to be used for the payment of principal of and interest on this Bond in the order of priority provided in the Bond Resolution.

IN WITNESS WHEREOF, The Urban Renewal Agency of the City of Moscow has caused this Bond to be executed by the manual signatures of the Chairman of the Board of Commissioners and the Treasurer, attested by the manual signature of the Secretary, and the seal of

the Agency to be impressed hereon, as of this ____ day of February, 1997.

THE URBAN RENEWAL AGENCY
OF THE CITY OF MOSCOW

(manual signature)
Chairman, Board of Commissioners

ATTEST:

(manual signature)
Secretary

(manual signature)
Treasurer, Board of Commissioners

(SEAL)

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Revenue Allocation (Tax Increment) Bonds, Series 1997A, of The Urban Renewal Agency of the City of Moscow, dated February ____, 1997, and described in the within-mentioned Bond Resolution.

THE URBAN RENEWAL AGENCY
OF THE CITY OF MOSCOW

By _____
Treasurer, as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

Name of Transferee: _____

Address: _____

Tax Identification No. _____

the within Bond and hereby irrevocably constitutes and appoints

of _____,

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member
Firm of the New York Stock
Exchange

Authorized Officer

[Form of Series 1997B Bond]

UNITED STATES OF AMERICA

STATE OF IDAHO

COUNTY OF LATAH

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW

REVENUE ALLOCATION (TAX INCREMENT) BOND,
SERIES 1997B

Registered
No. _____

Registered
\$ _____

DATE OF ISSUE:

MATURITY DATE:

February __, 1997

February 1, _____

THE URBAN RENEWAL AGENCY OF THE CITY OF MOSCOW (the "Agency"), for value received, promises to pay from the Debt Service Fund, created by Resolution No. URA 97-01, adopted by the Board of Commissioners of the Agency on January 7, 1997 (the "Bond Resolution"), to

BANK OF PULLMAN

or registered assigns, as Registered Owner, on the maturity date specified above, the principal amount of _____ Dollars (\$ _____), and to pay interest thereon from the aforesaid Debt Service Fund from the Date of Issue set forth above, or the most recent date to which interest has been paid or duly provided for, at the Prime Rate as defined in the Bond Resolution, payable commencing on February 1, 1998, and semiannually on each August 1 and February 1 thereafter, until the date of maturity or prior redemption of this Bond. Interest shall be computed on the basis of a 360-day year, consisting of twelve 30-day months.

**INTEREST ON THIS BOND IS NOT
EXEMPT FROM FEDERAL INCOME TAXATION.**

Both principal of and interest on this Bond are payable in lawful money of the United States of America to the registered owner hereof, whose name and address shall appear on the registration books of the Agency (the "Bond Register") maintained

by the Treasurer of the Agency (the "Registrar"). Payment of each installment of interest, or principal and interest, shall be made to the registered owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month next preceding the payment date, and shall be paid by cash or immediately available funds of the Agency delivered to such registered owner on the due date at its address appearing on the Bond Register, or at such other address as may be furnished in writing by such registered owner to the Registrar.

This Bond shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not constitute a general obligation or debt of the City of the City of Moscow, Idaho, or of any municipality, the State of Idaho, or any of its political subdivisions. In no event shall this Bond give rise to a general obligation or liability of the Agency, any municipality, the State of Idaho or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than those of the Agency specifically pledged therefor.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

This Bond is one of a duly authorized series of Bonds of like tenor, designation, interest rate, and effect, except for variations required to state numbers, dates, denominations, and dates of maturity, aggregating \$425,000 in principal amount. This Bond and the Bonds of this issue are limited obligations of the Agency payable solely from the Pledged Revenues of the Agency (as such capitalized terms are defined in the Bond Resolution) deposited into the Debt Service Fund referred to above. For a more particular description of the Debt Service Fund, the revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Bond Resolution.

This Bond is issued by the Agency pursuant to and in full compliance with the Constitution and laws of the State of Idaho, particularly the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20 (the "Act"), and also pursuant to the Bond Resolution, for the purpose of providing part of the monies to finance the Cost of Acquisition and Construction of an urban renewal project consisting generally of the public infrastructure improvements, including public streets, public utilities, public park improvements, and other public improvements pursuant to the Research and Technology Park Competitively Disadvantaged Border Community Urban Renewal Plan (the "Project"), more fully described in the Bond Resolution, pursuant to Section 50-2012(f), Idaho Code.

This Bond shall be conclusively deemed to have been issued for such purpose and such Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Act.

The Agency has reserved the right, at its option, to redeem this Bond on any interest payment date, in whole or in part, at the price of 100% of the principal amount hereof, plus accrued interest to the date of redemption.

Unless waived by the registered owner of this Bond, notice of any such redemption shall be sent by the Agency by registered or certified mail not less than ten (10) days prior to the date fixed for redemption to the registered owner at the address shown on the Bond Register maintained by the Registrar, or at such other address as may be furnished in writing by such registered owner to the Registrar. When so called for redemption, the Bond 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 the Bond shall not be deemed to be Outstanding as of such redemption date.

This Bond is transferable by the registered owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at the principal office of the Registrar. Upon such transfer, a new Bond of the same maturity and interest rate, and for the same principal amount, will be issued to the transferee in exchange therefor. Provided, however, that the Registrar shall not be required to transfer this Bond within fifteen calendar days of its date of maturity.

The Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payments of principal hereof and interest due hereon and for all other purposes, and the Registrar shall not be affected by any notice to the contrary.

The covenants contained herein and in the Bond Resolution may be discharged by making provision, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Bond Resolution.

It is hereby certified and declared that all acts, conditions and things essential to the validity of this Bond do exist, have happened, and have been done and that every requirement of the Constitution and statutes of the State of Idaho and the resolutions of the Agency affecting the issue hereof has been duly complied with; and that the Pledged Revenues have been pledged and will be set aside into the Debt Service Fund to be used for the payment of principal of and interest on this Bond in the order of priority provided in the Bond Resolution.

IN WITNESS WHEREOF, The Urban Renewal Agency of the City of Moscow has caused this Bond to be executed by the manual signatures of the Chairman of the Board of Commissioners and the Treasurer, attested by the manual signature of the Secretary, and the seal of the Agency to be impressed hereon, as of this ____ day of February, 1997.

THE URBAN RENEWAL AGENCY
OF THE CITY OF MOSCOW

(manual signature)
Chairman, Board of Commissioners

ATTEST:

(manual signature)
Secretary

(manual signature)
Treasurer, Board of Commissioners

(SEAL)

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the Revenue Allocation (Tax Increment) Bonds, Series 1997B, of The Urban Renewal Agency of the City of Moscow, dated February ____, 1997, and described in the within-mentioned Bond Resolution.

THE URBAN RENEWAL AGENCY
OF THE CITY OF MOSCOW

By _____
Treasurer, as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

Name of Transferee: _____

Address: _____

Tax Identification No. _____

the within Bond and hereby irrevocably constitutes and appoints

of _____,

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member
Firm of the New York Stock
Exchange

Authorized Officer

EXHIBIT "C"

[Bond Purchase Agreement]

NOTICE OF BOND RESOLUTION NO. URA 97-01

Public notice is hereby given by The Urban Renewal Agency of the City of Moscow (the "Agency"), that on January 7, 1997, the Board of Commissioners of the Agency approved and adopted Resolution No. URA 97-01 (the "Bond Resolution").

The Bond Resolution authorizes the issuance of the Revenue Allocation (Tax Increment) Bonds, Series 1997A and Series 1997B (the "Bonds"), of the Agency in the aggregate principal amount of \$600,000.

The Bonds are being issued to provide funds for the acquisition of public infrastructure improvements, including public streets, public utilities, public park improvements, and other public improvements within the Research and Technology Park 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, 1996.

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 Bank of Pullman. 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 January 7, 1997.

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 7th day of January, 1997

URBAN RENEWAL AGENCY OF
THE CITY OF MOSCOW

By , Chairman

ATTEST:

, Secretary