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MORTGAGE AND INDENTURE OF TRUST

by and between

THE STATE OF OREGON

acting by and through its

ECONOMIC DEVELOPMENT COMMISSION

and

FIRST NATIONAL BANK OF OREGON,

as Trustee

Securing the issuance of \$1,180,000 in aggregate  
principal amount of State of Oregon

Economic Development Revenue Bonds, Series XL

(Klamath Medical Service Bureau Project)

Dated as of February 1, 1981

248

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. Definitions; Recitals; Pledge of Revenues; Indenture to Constitute Contract	1
Section 1.01 Definitions	1
Section 1.02 Recitals	9
Section 1.03 Pledge of Lease	10
Section 1.04 Mortgage	11
Section 1.05 Indenture to Constitute Contract	11
ARTICLE II. Description; Event of Taxability; Manner of Execution; Authentication; Registration and Transfer of Bonds	11
Section 2.01 Issuance of Series XL Bonds	11
Section 2.02 Event of Taxability; Redemption	13
Section 2.03 Mutilated, Lost, Stolen or Destroyed Bonds	15
Section 2.04 Execution of Bonds; Effect of Change of Officers	16
Section 2.05 No Series XL Coupon Bonds	16
Section 2.06 Interchangeability of Bonds	16
Section 2.07 Negotiability; Registration and Transfer	17
Section 2.08 Regulations with Respect to Exchange and Transfer	18
Section 2.09 Endorsement of Trustee's Certificate of Authentication on Bonds	18
Section 2.10 Cancellation of Bonds	19
Section 2.11 Payment of Interest	19
Section 2.12 Bonds are Limited Obligations of Issuer	19
Section 2.13 Issuance of Bonds in One or More Series	20
Section 2.14 Provisions of Bonds Other than Series XL Bonds	21
Section 2.15 Temporary Bonds	21
ARTICLE III. Authentication and Delivery of Bonds	21
Section 3.01 Bonds Equally and Ratably Secured	21
Section 3.02 Series XL Bonds to be Authenti- cated and Delivered by Trustee Upon Receipt of Certain Items	21
Section 3.03 Issuance of Additional Bonds with Respect to Project	22
Section 3.04 Issuance of Additional Bonds for Refunding Purposes	24

ARTICLE IV. Construction of Project	25
Section 4.01 Construction of Project; Changes in Plans and Specification	25
ARTICLE V. Construction Fund	26
Section 5.01 Creation of Construction Fund	26
Section 5.02 Application of Moneys in Construction Fund	26
Section 5.03 Construction Fund Requisitions	26
Section 5.04 Retention of Requisitions	28
Section 5.05 Completion of Project	28
ARTICLE VI. Revenues and Bond Fund	29
Section 6.01 Source of Payment of Bonds	29
Section 6.02 Creation of the Bond Fund	29
Section 6.03 Payments into the Bond Fund	29
Section 6.04 Custody of Bond Fund	31
Section 6.05 Non-Presentment of Bonds	31
Section 6.06 Repayment to Corporation from the Bond Fund	31
ARTICLE VII. Security for and Investment of Moneys	31
Section 7.01 Moneys to be Held in Trust; Trustee's Reports	31
Section 7.02 Moneys to be Secured	31
Section 7.03 Investment of Moneys	32
Section 7.04 Balance to Corporation	32
ARTICLE VIII. Redemption of Bonds	32
Section 8.01 Redemption of Bonds	32
Section 8.02 Limitations on Redemption	32
Section 8.03 Notice of Redemption	33
Section 8.04 Right of Holders of Bonds Called for Redemption	34
Section 8.05 Mandatory Redemption of Series XL Bonds in Event of Taxability	35
ARTICLE IX. Particular Covenants of the Issuer	35
Section 9.01 Payment of Principal, Premium, if any, and Interest	35
Section 9.02 Maintenance of Existence	35
Section 9.03 No Amendment of Lease Without Consent	35
Section 9.04 Performance of Covenants; The Issuer	36
Section 9.05 Instruments of Further Assurance	36
Section 9.06 Inspection of Project Books	36
Section 9.07 List of Bondholders	37
Section 9.08 Rights Under Lease	37

Section 9.09	No Extension of Time for Payment	37
Section 9.10	Filing	37
Section 9.11	Compliance with Lease	38
Section 9.12	Execution of Amendment to Lease	38

## ARTICLE X. Defaults and Remedies

Section 10.01	Defaults; Events of Default; Acceleration	39
Section 10.02	Trustee to Have Right to Enforce Lease	39
Section 10.03	Other Remedies	40
Section 10.04	Abandonment of Proceedings by Trustee	40
Section 10.05	Right of Bondholder to Direct Proceedings	40
Section 10.06	Rights and Remedies of Bondholders	41
Section 10.07	Remedies Vested in Trustee	41
Section 10.08	No Remedy Exclusive	41
Section 10.09	Delay or Omission of Trustee No Waiver of Default	42
Section 10.10	Application of Moneys	42

## ARTICLE XI. Concerning the Trustee

Section 11.01	Appointment of Trustee	44
Section 11.02	No Responsibility for Correctness of Statements in Indenture	44
Section 11.03	Limitation of Trustee Responsibility	44
Section 11.04	Compensation and Reimbursement	44
Section 11.05	No Duty to Effect Insurance	44
Section 11.06	No Duty to Notice Default	44
Section 11.07	No Duty to Take Action Upon Default Unless Requested by Bondholders	45
Section 11.08	Right to Rely on Documents Believed Genuine	45
Section 11.09	Right to Own and Deal in Bonds	45
Section 11.10	No Liability for Interest Upon Any Moneys Received by Trustee	45
Section 11.11	Construction of Ambiguous Provisions of Indenture	46
Section 11.12	Resignation by Trustee	46
Section 11.13	Removal of Trustee	46
Section 11.14	Appointment of Successor Trustee	46
Section 11.15	Qualifications of Successor Trustee	47
Section 11.16	Court Appointment of Successor Trustee	47
Section 11.17	Acceptance by Successor Trustee	47
Section 11.18	Successor Trustee by Merger or Consolidation	47
Section 11.19	Exercise of Powers During Event of Default	48
Section 11.20	Notice Upon Event of Default	48
Section 11.21	Trustee May Intervene in Judicial Proceedings	48
Section 11.22	Trustee to Use Project in Accordance With Act	48
Section 11.23	Appointment of Paying Agent	49
Section 11.24	Successor Paying Agent	49
Section 11.25	Trustee's Delegation to Major Bondholder	49



ARTICLE XII. Execution of Instruments by Bondholders and Proof of Ownership of Bonds	49
Section 12.01 Execution of Instruments	49
ARTICLE XIII. Modification of Indenture and Supplemental Indenture	50
Section 13.01 Supplemental Indenture Not Requiring Consent of Bondholders	50
Section 13.02 Approval of Supplemental Indenture by Trustee	51
Section 13.03 Modification with Consent of Bondholders	51
Section 13.04 Consent by Corporation Required	52
ARTICLE XIV. Discharge of Indenture	52
Section 14.01 Indenture Discharged Upon Payment of Bonds	52
Section 14.02 Bonds Deemed Paid	53
ARTICLE XV. Miscellaneous	54
Section 15.01 Indenture to Inure to Successors of Issuer	54
Section 15.02 Limitation of Rights	55
Section 15.03 Severability	55
Section 15.04 Member, Agents and Employees of Issuer Exempt from Liability	55
Section 15.05 Notices	55
Section 15.06 Payments Due on Sundays and Holidays	56
Section 15.07 Captions	56
Section 15.08 Bond Form	57
Form of Series XL Bond	57
Form of Trustee's Certificate of Authentication on Series XL Bonds	62
Exhibit A	64
Exhibit B	65
Notarial Affidavits	66

# MORTGAGE AND INDENTURE OF TRUST

2883

This Mortgage and Indenture, dated as of February 1, 1981, made and entered into by and between the State of Oregon, acting by and through its Economic Development Commission (the "Issuer") and First National Bank of Oregon, a national banking association having power and authority to accept and execute trusts, as Trustee (the "Trustee"),

WITNESSETH

## ARTICLE I.

Definitions; Recitals;  
Pledge of Revenues; Indenture to Constitute Contract

### SECTION 1.01 DEFINITIONS.

The terms set forth below shall have the following meanings in this Indenture and its Exhibits unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

#### Act:

"Act" means Oregon Revised Statutes 280.310 through 280.390, as amended, and all future acts supplemental thereto or amendatory thereof.

#### Additional Bonds:

"Additional Bonds" means Bonds of any Series, other than the Series XL Bonds, duly authenticated and delivered pursuant to this Indenture.

#### Administration Expenses:

"Administration Expenses" means (i) the administrative expenses of the Issuer incurred in connection with any of the Bonds, or under or in connection with this Indenture, and (ii) the compensation and expenses paid to or incurred by the Trustee under this Indenture.

#### Authorized Company Representative:

"Authorized Company Representative" means initially Theodore E. Dicken and thereafter any persons at the time designated to act on behalf of the Corporation by a written certificate, signed on behalf of the Corporation by its President or one of its Vice Presidents or its Treasurer or one of its Assistant Treasurers and its Secretary or one of its Assistant Secretaries and furnished to the Major Bondholder, the Issuer and the Trustee, containing the specimen signature of each such persons. Such certificate shall remain in full force and effect and may be conclusively relied upon until a new certificate is delivered to the party relying thereon.

Bondholder:

"Bondholder" or "holder of the Bonds" or "holder" means the bearer of any coupon Bond and the Registered Owner of any registered Bond, whether registered to principal only or fully registered as to principal and interest.

Bond:

"Bond" or "Bonds" means any bond or all of the bonds, as the case may be, of the Issuer authorized and issued by the Issuer, authenticated by the Trustee and delivered under this Indenture.

The term "outstanding under this Indenture" or "outstanding hereunder" or "outstanding", when used with reference to Bonds, means at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized, issued, authenticated and delivered under this Indenture, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.10 of this Indenture on or prior to such date;

(b) Bonds for the payment of which cash shall have been theretofore deposited with the Trustee in an amount equal to the principal amount thereof and interest thereon to maturity; and

(c) Bonds for the redemption of which cash shall have been theretofore deposited with the Trustee; provided that notice of such redemption shall have been given as in Article VIII provided or provision satisfactory to the Trustee shall have been made therefor.

The term "issued", when used with respect to Bonds, means sold or otherwise disposed of for value by the Issuer.

In determining whether the holders of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds owned by the Corporation or the Issuer shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Bond Fund:

"Bond Fund" means the fund created under Article VI of this Indenture.

Bond Register and Bond Registrar:

"Bond Register" and "Bond Registrar" have the respective meanings indicated in Section 2.07 of this Indenture.

Certificate of Determination to Issue Revenue Bonds:

2885

"Certificate of Determination to Issue Revenue Bonds" means the written determination and authorization of the State Treasurer permitted by ORS 280.350.

Certified Cost Estimate:

"Certified Cost Estimate" means a written estimate of the Costs of the Project, in such detail as may reasonably be required by the Major Bondholder and certified by an Authorized Company Representative at or prior to the time of authentication and delivery of the Series XL Bonds by the Trustee.

Completion Date:

"Completion Date" means the date of completion of the acquisition, construction, installation and equipping of the Project as that date shall be certified pursuant to Section 5.05 of this Indenture.

Construction Fund:

"Construction Fund" means the fund created under Article V of this Indenture.

Corporation:

"Corporation" means Klamath Medical Service Bureau, an Oregon non-profit corporation, together with its subsidiaries and any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 of the Lease and shall also mean, unless the context otherwise requires, an assignee of the Lease as permitted by Section 6.01 of the Lease.

Cost:

"Cost", when used in connection with the Project described in Exhibit A to the Lease, any enlargements, improvements or extensions of such Project, or any additional industrial development facilities at the Project, includes (subject to any limitation thereof contained in the Lease), whether incurred prior to or after the date of this Indenture,

(a) obligations of the Issuer or the Corporation incurred for the land which is part of the Project, labor, materials and other expenses and such obligations to contractors, builders and materialmen in connection with the acquisition, construction, installation and equipping of the facilities being acquired, constructed, installed or equipped;

(b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the facilities being acquired, constructed, installed or equipped which is not paid by the contractor or contractors or otherwise provided for;

(c) the expenses of the Issuer and the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent

upon the proper construction of the facilities being acquired, constructed, installed or equipped;

(d) title insurance premiums compensation and expenses of the Trustee, legal, accounting, recording, financial and printing expenses, fees, and all other expenses incurred in connection with the issuance of the Bonds,

(e) all other costs which the Issuer or the Corporation is required to pay under the terms of any contract or contracts for the acquisition (by purchase, lease or otherwise), construction, installation or equipping of the facilities being acquired, constructed, installed or equipped;

(f) any sums required to reimburse the Issuer or the Corporation for advances made by any of them for any of the above items, or for any other costs incurred and for the work done by any of them, which are properly chargeable to the facilities being acquired, constructed, installed or equipped;

(g) in the case of a Series of Additional Bonds, any amount designated by the Corporation for deposit in the Bond Fund for payment of interest on the Bonds to such date or dates as shall be specified in the Supplemental Indenture providing for the issuance of such Series of Additional Bonds; and

(h) payment of any other costs and expenses relating to the acquisition, construction, installation or equipping of the Project and financing thereof, including, without limitation, taxes payable under Section 4.12 of the Lease, Administration Expenses and expenses incurred pursuant to Section 3.07 of the Lease.

"Cost" shall not include any expenses or obligations incurred before September 22, 1980, the date the Issuer determined the Project to be an Eligible Project.

Coupon:

"Coupon" or "coupons" means any interest coupon or all the interest coupons, as the case may be, appertaining to coupon Bonds.

Eligible Project:

"Eligible Project" means an economic project found by the Economic Development Commission to meet standards of the Economic Development Commission and shall have such other meaning as may be provided in the Act.

Event of Default:

"Event of Default" means any Event of Default specified in Section 10.01 of this Indenture.

Event of Taxability:

"Event of Taxability" has the meaning specified in Section 2.02 of this Indenture.

Exempt Costs:

2887

"Exempt Costs" means amounts expended for the acquisition, construction, reconstruction or improvement of land or property of a character, subject to the allowance for depreciation under Section 167 of the Internal Revenue Code of 1954, as amended.

Financing Statement:

"Financing Statement" means a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State of Oregon or such other jurisdiction the laws of which are applicable to secure the obligations of the Corporation to the Issuer and the Trustee.

Governmental Obligations:

"Governmental Obligations" shall mean any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of Oregon for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) obligations issued or guaranteed as to principal and interest by any state of the United States of America or any political subdivision of any such state;

(c) bonds, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Land Banks, Federal Financing Bank, or Federal National Mortgage Association (including Participation Certificates); or

(d) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes, fully secured by contracts with the United States of America.

Guaranty:

"Guaranty" means the Guaranty Agreement, dated as of February 1, 1981, by and between the Corporation, as Guarantor, and the Trustee, as the same may be amended or supplemented pursuant to the terms thereof.

Indenture:

"Indenture" means this Mortgage and Indenture of Trust by and between the Issuer and the Trustee dated as of February 1, 1981, pursuant to which the Bonds are to be issued and secured, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

Issuer:

"Issuer" means the State of Oregon, acting by and through its Economic Development Commission and including any successor to the duties and functions of the Economic Development Commission, and acting by and through its State Treasurer or his designee.



Lease:

"Lease" means the Lease Agreement dated as of February 1, 1981, between the Issuer and the Corporation, as the same may be amended from time to time in accordance with this Indenture.

Major Bondholder:

"Major Bondholder" means the initial purchaser of the Series XL Bonds as long as the initial purchaser continues to hold not less than 50% in aggregate principal amount of the then outstanding Series XL Bonds and, if the initial purchaser ceases to hold more than 50% of the then outstanding Series XL Bonds, then "Major Bondholder" means the Trustee.

Mortgage:

"Mortgage" means the mortgage of the Project conveyed by the Issuer to the Trustee pursuant to Section 1.04 of this Indenture.

Officers' Certificate:

"Officers' Certificate" means a certificate signed by the Chairman or Vice-Chairman of the Issuer and the Secretary or an Assistant Secretary of the Issuer.

Opinion of Bond Counsel:

"Opinion of Bond Counsel" means an opinion in writing signed by an attorney or firm of attorneys of favorable reputation and experienced in matters relating to the validity and tax exemption of interest on the obligations of states and their political subdivisions.

Opinion of Counsel:

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys who may be an employee of or counsel to the Corporation or bond counsel or other legal counsel satisfactory to the Trustee.

Paying Agent:

"Paying Agent" means any paying agent for the Bonds and coupons (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of this Indenture.

Permitted Encumbrances:

"Permitted Encumbrances" means and include:

- (a) liens and charges incident to construction or maintenance which are (i) undetermined, (ii) now or hereafter filed of record and which are being contested in good faith and have not proceeded to judgment provided that the Corporation shall have set aside adequate reserves with respect thereto, or (iii) now filed of record and with respect to which adequate lien waivers in favor of the Trustee have been filed of record.

(b) the lien of taxes, assessments and other governmental charges and levies which are not delinquent; 2889

(c) the lien of taxes, assessments and other governmental charges and levies which are delinquent but the validity of which is being contested in good faith and with respect to which the Corporation shall have set aside adequate reserves unless thereby any of the Project or the interest of the Issuer therein may be in danger of being lost or forfeited;

(d) minor defects and irregularities in the title to the Project which do not in the aggregate materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Project which do not materially impair the use of the Project for the purposes for which it is or may reasonably be expected to be held;

(g) present or future zoning laws and ordinances;

(h) the lien and charge of this Indenture.

Person:

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

Plans and Specifications:

"Plans and Specifications" means the plans and specifications prepared for the Project, certified by an Authorized Company Representative and filed with the Issuer at the date of the issuance of the Series XL Bonds, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of construction of the Project in accordance with this Indenture.

Principal Installment Date:

"Principal Installment Date" means any date on which the principal of any Bonds shall mature.

Project:

2890

"Project" means:

(a) the industrial development facilities to be located in the the City of Klamath Falls, Oregon, and described in Exhibit A to the Lease, as the same may become more detailed from time to time, including any modifications thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided by the Plans and Specifications;

(b) that land upon which the industrial development facilities are located, as more specifically described in Exhibit B attached to the Lease;

(c) enlargements, improvements, or extensions of said facilities financed by Additional Bonds; and

(d) additional industrial development facilities financed by Additional Bonds and located on the land described in Exhibit B. Exhibits A and B in their present forms as they are attached to the Lease are attached to this Indenture as Exhibits A and B, respectively, and are by this reference made a part hereof.

Registered Owner:

"Registered Owner" means the Person or Persons in whose name or names the particular registered Bond or coupon Bond registered as to principal only shall be registered on the Bond Register.

Revenues:

"Revenues" means all payments payable by the Corporation to the Issuer under the Lease and all amounts derived by the Issuer in any manner from or in connection with the lease of the Project to the Corporation (other than the proceeds of Bonds, attorneys' fees and other expenses of the Issuer payable pursuant to Section 7.04 of the Lease, indemnification payable pursuant to Section 4.08 of the Lease, and the Administration Expenses described in clause (i) of the definition of Administration Expenses).

Secretary:

"Secretary" means the duly authorized Secretary or Assistant Secretary or Assistant Secretaries of the Issuer.

Series or Series of Bonds:

"Series" or "Series of Bonds" means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the provisions of this Indenture regardless of variations in maturity, interest rate, or other provisions.

Series XL Bonds:

2891

"Series XL Bonds" means the Series of Bonds authorized to be issued pursuant to Section 2.01 of this Indenture.

Supplemental Indenture:

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplementary to or amendatory of this Indenture as originally executed which is duly executed in accordance with the provisions of this Indenture.

Trustee:

"Trustee" means First National Bank of Oregon, a national banking association, its corporate successors and its successors hereunder.

Trust Office:

"Trust Office" means the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered.

SECTION 1.02 RECITALS.

Under the Act, the Issuer is authorized (1) to acquire, construct and hold any lands, bulidings, improvements to lands and buildings and capital equipment to be located permanently or used exclusively on such lands or in such buildings, which are deemed necessary in connection with an Eligible Project to be situated within the State, and construct, reconstruct, improve, better and extend such Eligible Projects and enter into contracts therefor; and (2) to sell and convey all properties acquired in connection with an Eligible Project, including without limitation the sale and conveyance thereof under an option granted to the lessee of an Eligible Project for such price, and at such time as the State may determine.

Under the Act, when designated by the State Treasurer, the Issuer may be authorized (1) to lease and sublease Eligible Projects to any person, firm or public or private corporation or federal or state governmental subdivision or agency in such manner that rents to be charged for the use of such Eligible Projects shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued under the Act when due, and (2) to pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more Eligible Projects owned or to be acquired by the State, and define and segregate such revenues or to provide for the payment thereof to a trustee; and (3) to mortgage or otherwise encumber eligible projects in favor of the holders of such bonds or a trustee therefor; and (4) to make all contracts, execute all instruments and do all things necessary or convenient in the exercise of the powers granted by the Act or in the performance of its covenants or duties, or in order to secure the payment of its bond; and (5) to enter into and perform such contracts and agreements with the political subdivisions of State agencies as the respective governing bodies of the same may consider proper and feasible for or concerning the planning, construction, installation, lease or other acquisition and the financing of such facilities, as may be deemed proper for the supervision and general

management of the facilities of an Eligible Project; and (6) to accept from any authorized agency of the Federal government loans and grants for the planning, construction, acquisition, leasing or other provisions of any Eligible Project.

The Issuer and the Corporation have entered into the Lease simultaneously with the execution of this Indenture. Pursuant to the Lease, the Corporation will acquire, construct, install and equip the Project for the Issuer. The Issuer will receive rentals from the Corporation pursuant to the Lease in an amount not less than the installments of principal and interest due on the Bonds and such amounts shall be payable on dates corresponding to the due date for payments on principal and interest on the Bonds.

To enhance marketability of the Bonds, the Corporation has entered into the Guaranty with the Trustee pursuant to which the Corporation unconditionally guarantees all Bond principal, interest and premium, if any.

The Treasurer of the State of Oregon has considered the market for the Bonds, the terms and conditions upon which the Bonds are proposed to be issued, and such other relevant factors as the Treasurer considered necessary to protect the financial integrity of the State of Oregon. After consideration, the State Treasurer has, pursuant to the Act, issued his Certificate of Determination to Issue Revenue Bonds. The Economic Development Commission, acting for itself and as the designee of the Treasurer of the State of Oregon, has adopted a resolution authorizing the issuance of the Bonds and the execution of related documents, including the Indenture and the Lease.

All things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid lien on the Revenues have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, has in all respects been duly authorized.

#### SECTION 1.03 PLEDGE OF LEASE.

All right, title and interest of the Issuer in and to the Project and the Lease (but excluding attorneys' fees and other expenses of the Issuer payable pursuant to Section 7.04 of the Lease, indemnification payable pursuant to Section 4.08 of the Lease, and the Administration Expenses described in clause (i) of the definition of Administration Expenses) and all the Revenues are hereby pledged for the payment of the principal of, redemption premium, if any, and the interest on the Bonds in accordance with their terms and the provisions of this Indenture, the payment of all of the amounts to be paid pursuant to this Indenture including, without limitation, the attorneys' fees of the Trustee and other expenses of the Trustee paid pursuant to Section 7.04 of the Lease, and for the performance and observance by the Issuer of all the covenants expressed or implied in this Indenture and in the Bonds. The Bonds, together with the interest thereon, are limited obligations of the Issuer payable solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Indenture, and the Bonds and Lease shall not constitute an indebtedness or a charge against the general credit or taxing power of the Issuer or the State of Oregon within the meaning of any constitutional or charter provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or the State of Oregon.

SECTION 1.04 MORTGAGE.

The Issuer in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease, grant, sell convey, mortgage and grant a security interest in, as of February 1, 1981, to First National Bank of Oregon, Portland, Oregon, as Trustee, and unto its successors in trust, and to its assigns forever, the Project, subject to Permitted Encumbrances and the rights of the Corporation under the Lease, together with tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining to have and to hold the same, with the appurtenances, unto the said Trustee, its assigns and successors forever. This Mortgage is intended to secure the payment of the Bonds in accordance with the terms of the Lease and this Indenture.

The foregoing grant, sale, conveyance, mortgage and grant of a security interest is in trust, nevertheless, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and coupons thereto appertaining issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or coupons thereto appertaining over any of the others of the Bonds or coupons; provided, however, that if the Issuer shall pay or cause to be paid to the holders and owners of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, determine and be void, and thereupon the lien of this Indenture shall be cancelled and discharged and the Trustee shall execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the Issuer the estate hereby conveyed.

SECTION 1.05 INDENTURE TO CONSTITUTE CONTRACT.

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the holders from time to time of the Bonds and coupons.

ARTICLE II.

Description; Event of Taxability; Manner of  
Description; Authorization; Manner of  
Execution; Authentication; Registration and  
Transfer of Bonds

SECTION 2.01 ISSUANCE OF SERIES XL BONDS.

There shall be issued under and secured by this Indenture a Series of Bonds to be designated "Economic Development Revenue Bonds, Series XL (Klamath Medical Service Bureau Project)" in the aggregate principal amount of \$1,180,000.



The Series XL Bonds shall be issued and secured by and in accordance with this Indenture in the aggregate principal amount of \$1,180,000 for the purpose of financing the Project; shall be issued as registered bonds; shall be dated as of the first day of May or November next preceding the date of its authentication to which interest has been paid or duly provided for (except that if any Series XL Bonds shall be authenticated on any May 1 or November 1 to which interest has been paid, it shall be dated as of such date, or if it shall be authenticated prior to May 1, 1981, it shall be dated February 1, 1981); shall bear interest from February 1, 1981, until paid at the rate of 9.86 percent per annum with such interest being payable on May 1 and November 1 in each year (commencing May 1, 1981); and, subject to the right of prior redemption as hereinafter set forth, shall mature on May 1 in each of the following years and respective principal installments amounts:

<u>Date</u>	<u>Amount</u>
1982	
1983	\$ 75,000
1984	83,000
1985	91,000
1986	99,000
1987	109,000
1988	119,000
1989	131,000
1990	143,000
1991	158,000
TOTAL	172,000
	\$1,180,000

Interest shall be computed based on a 360-day year with 30 days in each of the 12 months.

The Series XL Bonds maturing before May 1, 1987, will not be subject to optional redemption before their stated dates of maturity. Series XL Bonds maturing on or after May 1, 1987 may be redeemed before maturity, in whole or in part, in inverse numerical order on May 1, 1986, or on any interest payment date thereafter, in integral multiples of \$1,000 upon payment of 102 percent of the principal amount of the Series XL Bonds to be redeemed together with all unpaid interest accrued to the date fixed for redemption, all in the manner and subject to the provisions of Article VIII of this Indenture.

The Series XL Bonds shall be numbered in such manner as the Issuer, with the concurrence of the Trustee, shall determine but shall be in ascending numerical order in accordance with their maturities. Series XL Bonds shall be in the denomination of \$1,000 each, or any integral multiple thereof, not exceeding the aggregate principal amount of said Bonds maturing in any year. The Series XL Bonds may be issued in printed, lithographed or typewritten form.

The principal of Series XL Bonds which have matured or have been called for redemption shall be payable to the Registered Owner thereof or his assigns upon surrender thereof for such purpose at the Trust Office. The interest on any Series XL Bonds when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal and interest on the Bonds shall be payable in any coin or currency of the United States of

America which at the time of payment is legal tender for the payment of public and private debts.

## SECTION 2.02 EVENT OF TAXABILITY; REDEMPTION.

1. The following terms shall have the following meanings for purposes of this Section 2.02:

(a) "Event of Taxability" means the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest paid or payable on all or any portion of the Series XL Bonds held by a holder or a former holder thereof is includable in the gross income of such holder or former holder (other than a holder who is a "substantial user" of the Project or a "related person" as such terms are defined in the Internal Revenue Code of 1954, as amended, and regulations promulgated thereunder), as a result of (i) any published or private ruling or regulation of the Internal Revenue Service or the United States Treasury; (ii) any final decree, judgment or determination by a court of competent jurisdiction in the United States; (iii) any amendment to the Internal Revenue Code of 1954, as amended to the date hereof; or (iv) the Project failing to qualify as tax exempt "small issue" industrial development revenue bond project.

(b) "Taxable Date" means the earliest effective date which the interest paid or payable on the Series XL Bonds is actually includable in the gross taxable income of the holders or former holders of the Series XL Bonds (other than a holder who is a "substantial user" of the Project or a "related person" as such terms are defined in the Internal Revenue Code of 1954, as amended) as a result of the occurrence of an Event of Taxability.

(c) "Inclusion Period", with respect to any Series XL Bond, means the period beginning on the Taxable Date and ending on the date of prepayment by redemption or maturity (whichever occurs first) of such Series XL Bond, both dates inclusive.

2. (a) The Series XL Bonds shall be redeemed and prepaid pursuant to Section 2.02(2)(b) not later than six months after the Trustee's receipt of written notice of an Event of Taxability. In such event, the Trustee shall notify the Corporation and the Issuer and the Corporation shall pay to the Trustee for the benefit of the holder or holders of any outstanding Series XL Bonds a sum equal to an increase in interest on the Series XL Bonds during the Inclusion Period. If all or any portion of the Inclusion Period include any period of time occurring prior to the date of receipt by the Corporation of notice of the occurrence of an Event of Taxability, the increased interest attributable to such portion of the Inclusion Period shall be paid by the Corporation on the date the next regular stated interest payment is due, together with the increased interest payment and other sums then due.

(b) The issuer shall call and redeem, without premium, all outstanding Series XL Bonds at such time as the Corporation may direct but within six months after the Trustee's receipt of written notice of the occurrence of an Event of Taxability at a redemption price equal to the principal amount of the Series XL Bonds then outstanding plus accrued interest (such accrued interest to reflect an increased rate of interest during the Inclusion Period of the maximum rate allowed by law but not to exceed 18.5 percent per annum) to the date of payment. Interest shall be computed based on a 360-day year with 30 days in each of the 12 months.

(c) Any person who within six months from the date of occurrence of an Event of Taxability shall notify the Corporation that he was a holder of Series XL Bonds at any time during the Inclusion Period but was not such a holder on the date of redemption of the Series XL Bonds pursuant to Section 2.02(2)(b) above, and shall furnish the Corporation with proof thereof reasonably satisfactory to the Corporation, shall be entitled to receive from the Corporation the increased interest provided for in Section 2.02(2)(a) above and the Corporation shall pay such amount to such person within 30 days of the proof of such claim.

(d) If an Event of Taxability has not occurred on or before the date of the payment and retirement of all of the Series XL Bonds (whether at or prior to the maturity thereof) but an Event of Taxability does occur within five years of such date, the Corporation covenants and agrees to pay, within 30 days of the proof of such claim as hereinafter provided, to any Person who shall, within six months of the expiration of such five-year period, notify the Corporation that he was a holder of Series XL Bonds during the Inclusion Period and furnish proof thereof reasonably satisfactory to the Corporation, the amount provided for in Section 2.02(2)(a) in respect of Series XL Bonds held by such person during the Inclusion Period.

(e) The Corporation also covenants to pay the holders or former holders of the Series XL Bonds, within 30 days of receipt of a written request therefor, the amount of any interest and penalties paid by any holder or former holder of Series XL Bonds if such interest and penalties were paid because of the failure of the holders or former holders of the Series XL Bonds to include the interest received on the Series XL Bonds during the Inclusion Period in gross income for federal income tax purposes.

(f) The covenants made by the Corporation in this section of the Corporation's obligations hereunder shall survive the termination of this Indenture, the Lease and the payment in full of the Series XL Bonds. The Corporation will forthwith notify the Trustee of any payments made directly to the holder or former holders of any Series XL Bonds by the Corporation pursuant to this Section 2.02.

(g) Notwithstanding the foregoing, the Corporation shall have the right to contest at its expense any Event of Taxability administratively and in the courts by giving notice of its intention to pursue such contest. During such period, the Corporation shall pay to the Trustee the amounts at the times set forth above. The Trustee

shall hold such payments on behalf of the Bondholders entitled thereto. If the Corporation shall abandon or lose such contest, the Trustee shall pay the amounts to the Persons entitled thereto, together with interest earned thereon. If the Corporation shall prevail in such contest, the Trustee shall refund to the Corporation all such payments together with interest earned thereon. A bondholder against whom an Event of Taxability is asserted, in addition to notice to the Corporation, shall also grant to the Corporation and its agents a power of attorney to enable the Corporation to contest the same. In the event the Corporation contests any Event of Taxability, the redemption and prepayment required pursuant to Section 2.02(2)(a) shall not be required until 30 days after the existence of an Event of Taxability is finally resolved in such contest.

### SECTION 2.03 MUTILATED, LOST, STOLEN OR DESTROYED BONDS.

In the event any outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver, a new Bond of the same Series, principal amount and maturity and of like tenor and having attached the same coupons (if any) as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond and its coupons (if any), or in lieu of and substitution for such lost, stolen or destroyed Bond and its coupons (if any).

In the event any coupon appertaining to any coupon Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver a new Bond of the same Series, principal amount and maturity and of like tenor and having attached coupons corresponding to the coupons appertaining to the coupon Bond to which such mutilated, lost, stolen or destroyed coupon appertained in lieu of and substitution for the coupon Bond and appurtenant coupons to which such mutilated, lost, stolen or destroyed coupon appertained.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds and coupons shall be made to the Trustee at the Trust Office. In every case the applicant for a substitute Bond shall furnish to the Issuer and to the Trustee such security or indemnity as may be required by them to hold each of them and any Paying Agent harmless. In every case of loss, theft or destruction of a Bond or a coupon, the applicant shall also furnish to the Issuer and to the Trustee evidence to their satisfaction of the loss, theft or destruction and of the ownership of such Bond or coupon, as the case may be, and in every case of mutilation, loss, theft or destruction of a coupon or coupons only, the applicant shall surrender the Bond to which the coupon or coupons so mutilated or lost, stolen or destroyed appertain, with all coupons appertaining thereto (including any mutilated coupons) not lost, stolen or destroyed. In every case of mutilation of a Bond only, the applicant shall surrender to the Trustee the Bond so mutilated together with all coupons (if any) appertaining thereto.

Notwithstanding the foregoing provisions of this Section 2.03, in the event any such Bond or coupon shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium (if any) or interest on the Bonds, the Issuer may authorize the payment of

the same (without surrender thereof except in the case of a mutilated Bond or coupon) instead of issuing a substitute Bond and coupons (if any) provided security or indemnity is furnished as above provided in this Section 2.03.

Upon the issuance of any substitute Bond, the Issuer and the Trustee may charge the holder of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond (and any coupon or coupons attached thereto) issued pursuant to the provisions of this Section 2.03 by virtue of the fact that any Bond or any coupon is lost, stolen or destroyed shall constitute an original additional contractual obligation of the Issuer, whether or not the lost, stolen or destroyed Bond or coupon shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionally with any and all other Bonds and coupons duly issued under this Indenture to the same extent as the Bonds and coupons in substitution for which such Bonds and coupons were issued.

The provisions of this Section 2.03 are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds or coupons, including those granted by any law or statute now existing or hereafter enacted.

#### SECTION 2.04 EXECUTION OF BONDS; EFFECT OF CHANGE OF OFFICERS.

All the Bonds shall, from time to time, be executed on behalf of the Issuer by, or bear the manual or facsimile signatures of the Governor and Secretary of State of the State of Oregon and the seal of the State of Oregon (which may be facsimile) shall be thereunto affixed (or imprinted or engraved if facsimile) and attested by the manual signature of the Treasurer or any Deputy Treasurer of the State of Oregon. The coupons to be attached to the coupon Bonds shall bear the signatures (which may be facsimiles) of the Governor, Secretary of State and Treasurer or Deputy Treasurer, of the State of Oregon.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds or the coupons shall cease to be such officer of the Issuer before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Issuer, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds or the coupons had not ceased to be such officer or officers of the Issuer; and also any persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Issuer, although at the date of such Bond any such person shall not have been such officer of the Issuer.

#### SECTION 2.05 NO SERIES XL COUPON BONDS.

Notwithstanding any provision to the contrary in this Indenture, all Series XL Bonds shall be initially issued as registered bonds. No Series XL Bonds shall be issued as coupon Bonds or coupon Bonds registered as to principal.

#### SECTION 2.06 INTERCHANGEABILITY OF BONDS.

1. Coupon Bonds may, at the option of the holder thereof, and upon payment by such holder of a sum sufficient to cover any governmental

tax or charge required to be paid as provided in Section 2.08 of this Indenture, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any authorized denomination.

2. If such coupon Bonds are registered as to principal, they shall be accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as is satisfactory to the Bond Registrar.

3. Registered Bonds, upon surrender thereof at the Trust Office with a written instrument of transfer in form satisfactory to the Bond Registrar, duly executed by the Registered Owner or his attorney duly authorized in writing, may, at the option of the Registered Owner thereof, and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.07 of this Indenture, be exchanged for registered Bonds of the same Series and maturity of any other authorized denomination and registered in the name of the same Registered Owner. Registered Bonds may not be exchanged for coupon Bonds.

### SECTION 2.07 NEGOTIABILITY; REGISTRATION AND TRANSFER.

1. Title to any coupon Bond, unless such Bond is registered as to principal, and to any coupon, shall pass by delivery as negotiable instruments payable to bearer.

2. The transfer of registered Bonds without coupons shall be registered on the Bond Register, which shall be kept for this purpose at the Trust Office, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.08 of this Indenture. Upon any such registration or transfer, the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of the same Series and maturity without coupons. At the option of the holder, any coupon Bond may be registered as to principal on the Bond Register upon presentation thereof to Trustee which shall make notation of such registration thereon. Any such Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the Registered Owner or his attorney duly authorized in writing together with a written instrument of transfer in such form as shall be satisfactory to the Bond Registrar and upon payment of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.07 of this Indenture, such transfer to be made on such books and endorsed on the Bond by Trustee. Such transfer may not be to bearer.

3. The Issuer, Trustee, Bond Registrar and any Paying Agent may deem and treat the Registered Owner of any registered Bond without coupons or coupon Bond registered as to principal as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the Lease, whether such Bond shall be overdue or not, and neither the Issuer, nor the Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or



on account of, the principal of and premium, if any, and interest on any registered Bond without coupons and payment of the principal of and premium, if any, on any coupon Bond registered as to principal shall be made to such Registered Owner or upon his written order but the coupons appertaining to any coupon Bonds registered as to principal shall remain payable to bearer notwithstanding such registration. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

4. The Issuer, Trustee, Bond Registrar and any Paying Agent may deem and treat the bearer of any coupon Bond not registered as to principal or any coupon appertaining to a Bond as the absolute owner thereof, whether or not such Bond or coupon shall be overdue, for the purpose of receiving any payment on such Bond or coupon and for all other purposes of this Indenture and the Lease and neither the Issuer, nor Trustee, nor Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and redemption premium, if any, on any such Bond and of the interest represented by any such coupon shall be made only to the bearer thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds and coupons to the extent of the sum or sums so paid.

5. All Bonds issued under this Indenture, whether in coupon or registered form, shall have such attributes of negotiability as are provided for under the laws of the State of Oregon.

#### SECTION 2.08 REGULATIONS WITH RESPECT TO EXCHANGE AND TRANSFER.

In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Issuer shall execute and Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds and coupons surrendered in any such exchanges or upon any such registration or transfer shall forthwith be delivered to Trustee and cancelled by it. The Trustee may require the Bondholder to pay a reasonable charge for any exchange, registration or transfer of Bonds, and may require of the Bondholder payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer; provided, the costs of printing Bonds in coupon or registered forms shall be paid pursuant to Section 3.03 of the Lease or if insufficient moneys are held in the Construction Fund to pay the costs, the Corporation shall bear such costs. Neither the Issuer nor Trustee shall be required (a) to register the transfer of or exchange any Bond for a period of 10 days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of 60 days next preceding any selection of Bonds of the same Series and maturity as such Bond to be redeemed and thereafter until after the first publication or mailing of any notice of redemption or (c) to register or exchange any Bond called for redemption in whole or in part.

#### SECTION 2.09 ENDORSEMENT OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION ON BONDS.

No Bond or any coupon appurtenant thereto shall be secured by this Indenture or entitled to the benefit hereof or shall be valid or obligatory for any purpose

unless there shall be endorsed on such Bond the Trustee's certificate of authentication, substantially in the form prescribed in this Indenture, executed by the manual signature of a duly authorized officer of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered under this Indenture.

#### SECTION 2.10 CANCELLATION OF BONDS.

Upon the surrender to the Trustee of any temporary or mutilated Bond, or any Bond transferred or exchanged for another Bond or Bonds, or any Bond paid at maturity, the same together with all unmatured coupons (if any) appurtenant to any such Bond, or coupons paid or surrendered for cancellation, shall forthwith be cancelled and, at the written request of the Issuer, be cremated or otherwise destroyed by the Trustee, and the Trustee shall, if such Bond or coupons are so cremated or destroyed, deliver its certificate of such cremation or other destruction to the Issuer.

#### SECTION 2.11 PAYMENT OF INTEREST.

The interest on coupon Bonds shall be payable only on presentation and surrender of the several coupons for such interest as they respectively become due.

#### SECTION 2.12 BONDS ARE LIMITED OBLIGATIONS OF ISSUER.

The Bonds, including the interest thereon, are limited obligations of the Issuer payable solely from the Revenues (but excluding attorneys' fees and other expenses of the Issuer payable pursuant to Section 7.04 of the Lease, indemnification payable pursuant to Section 4.08 of the Lease, and the Administration Expenses described in clause (i) of the definition of Administration Expenses). and the payments under the Guaranty (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to the income from the temporary investment thereof). The Bonds and the interest thereon shall not constitute a lending of credit within the meaning of any constitutional or statutory limitation or general debts, liabilities or obligations of the Issuer or a lending of credit within the meaning of any constitutional or statutory limitation or debts, liabilities or obligations of the State of Oregon or of any political subdivision of such State and neither the State of Oregon nor any political subdivision thereof shall be liable thereon. The holders of the Bonds shall not have the right to compel any exercise of the ad valorem taxing power of the State of Oregon or any political subdivision thereof to pay the Bonds or the interest thereon. The Issuer shall not be obligated to pay the Bonds or the interest thereon except from the Revenues derived by the Issuer from or in connection with the Project as aforesaid and pledged hereunder. Neither the faith and credit nor the taxing power of the Issuer or the State of Oregon or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. Each Bond shall contain on the face thereof a statement to the effect of this Section 2.12.

#### SECTION 2.13 ISSUANCE OF BONDS IN ONE OR MORE SERIES.

The Bonds may, at the election of the Issuer, be issued in one or more Series and, except as hereinafter provided, shall be designated generally as "Economic

Development Revenue Bonds (Klamath Medical Service Bureau Project)", with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine. Each Bond shall bear upon the face thereof the designation so selected for the Series to which it belongs.

#### SECTION 2.14 PROVISIONS OF BONDS OTHER THAN SERIES XL BONDS.

Subject to determination from time to time by the Issuer, as expressed from time to time in one or more Supplemental Indentures, the Bonds of any Series other than the Series XL Bonds:

(a) shall be dated, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times as may be provided in the Supplemental Indenture creating the Series of which such Bonds are a part;

(b) shall be payable, both as to principal and interest and redemption premium (if any), at such place or places as the Issuer may determine in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts;

(c) may have such registration privileges and such exchange privileges as may be determined by the Issuer;

(d) shall have such particular designations added to their title as the Issuer may determine, and may be in such denominations as may be determined by the Issuer;

(e) may be limited as to the maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time outstanding, and an appropriate insertion in respect of such limitation may, but need not, be made in the Bonds of such Series;

(f) may contain provisions for the redemption thereof at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of Article VIII of this Indenture and the terms of the Lease, as may be determined by the Issuer and permitted by applicable law;

(g) may have mandatory provisions requiring payments for the purchase and sinking fund redemption of such Bonds, in such amount, at such time or times, in such manner and upon such terms and conditions, not inconsistent with the provisions of this Indenture, as shall be set forth in such Supplemental Indenture; and

(h) may contain such provisions with respect to acceleration of maturity on the happening of specified events, and such other special terms and conditions, not contrary to the provisions hereof or of the Act, as may be determined by the Issuer.

SECTION 2.15 TEMPORARY BONDS.

Until Bonds in definitive form of any Series, other than Series XL Bonds, are ready for delivery, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described in this Article II, without coupons or with one or more coupons attached, and with appropriate omissions, variations and insertions. Bonds in temporary form will be for such principal amounts as the Issuer shall determine. This Section 2.15 shall not apply to the Series XL Bonds which shall not be issued in temporary form.

## ARTICLE III.

Authentication and Delivery of BondsSECTION 3.01 BONDS EQUALLY AND RATABLY SECURED.

The aggregate principal amount of Bonds which may be executed by the Issuer and authenticated by the Trustee and delivered and secured by this Indenture is not limited except as is or may hereafter be provided in this Indenture or as may be limited by law. This Indenture creates and shall be and constitute a continuing, irrevocable and exclusive lien upon, and pledge of, the Revenues, the proceeds received by the Issuer from the sales of the Bonds and the income earned by the investment of funds under this Indenture to the extent provided in this Indenture. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds and coupons, or any of them, so that, subject as aforesaid, all Bonds and coupons at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had been all executed, authenticated and delivered simultaneously on the date hereof, whether the same or any of them shall actually be disposed of at some future date, or whether they, or any of them, shall have been authorized to be authenticated and delivered under Section 3.02 or may be authorized to be authenticated and delivered hereafter pursuant to Sections 2.03, 2.06, 2.07, 2.15, 3.03, 3.04 or 8.04 of this Indenture. The creation of this lien and pledge is in addition to the assignment and conveyance of the Lease and the creation of the Mortgage.

SECTION 3.02 SERIES XL BONDS TO BE AUTHENTICATED AND DELIVERED BY TRUSTEE UPON RECEIPT OF CERTAIN ITEMS.

The Series XL Bonds, in the aggregate principal amount of One Million One Hundred Eighty Thousand Dollars (\$1,180,000), being the first Series of Bonds issued under this Indenture, shall forthwith be executed by the Issuer and delivered to the Trustee for authentication, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of said Bonds, and thereupon the Series XL Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of the Issuer, but

only upon the receipt by the Trustee of the aforesaid proceeds of sale of which an amount equal to the interest on said Bonds accrued to the date of delivery thereof shall be deposited in the Bond Fund and the balance thereof shall be deposited in the Construction Fund. Prior to authentication and delivery of the Series XL Bonds by the Trustee, the Trustee shall also have received the following:

- (a) A copy of the resolution or resolutions adopted by the Issuer providing for the terms and details of the Series XL Bonds duly certified by the Secretary of the Issuer to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification;
- (b) A copy of this Indenture, duly executed by the Issuer;
- (c) An Opinion of Bond Counsel, addressed to the Trustee, as to the validity of the issuance of the Series XL Bonds and as to the taxability of the income from such Bonds under the Internal Revenue Code of 1954, as amended;
- (d) An original executed counterpart of the Lease;
- (e) Evidence satisfactory to the Trustee of insurance coverage as provided in Section 4.07 of the Lease;
- (f) An original executed counterpart of the Guaranty;
- (g) An ALTA title insurance policy, with mechanics lien and survey exceptions reinserted, insuring the Trustee's interest in the Project in an amount equal to the principal amount of the Series XL Bonds;

### SECTION 3.03 ISSUANCE OF ADDITIONAL BONDS WITH RESPECT TO PROJECT.

Subsequent to the authentication, issuance and delivery of the Series XL Bonds, one or more Series of Additional Bonds may be authenticated by the Trustee and delivered upon original issuance for the purpose of providing funds to pay any one or more of the following: (i) the Cost of completion of the Project; (ii) the Cost of making, at any time and from time to time, substitutions, additions, modifications and improvements in, on or to the Project as the Corporation may deem desirable; and (iii) additional industrial development facilities to be located on the land described in Exhibit B. Such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then outstanding. The Issuer may execute and deliver to Trustee, and Trustee shall thereupon authenticate such Additional Bonds and deliver them to the purchaser or purchasers thereof; provided that, prior to such delivery, there shall have been delivered to Trustee:

- (a) A copy of the resolution or resolutions adopted by the Issuer providing for the terms and details of such Additional Bonds, duly certified by the Secretary of the Issuer, under its seal, to have been adopted by the Issuer and to be in full force and effect on the of such certification.

- (b) A copy of the Supplemental Indenture to be executed and delivered by the Issuer authorizing such Additional Bonds, providing for the terms and conditions upon which such Bonds are to be issued and authorizing execution and delivery by the Issuer of any agreement which is necessary to amend the Lease to (i) increase or adjust the payments to be made under the Lease to an amount sufficient to pay, as and when the same mature or become due, the principal of and interest on all outstanding Bonds, including such additional Bonds (except to such extent as the same may be payable out of moneys then in the Bond Fund or otherwise on deposit with the Trustee in accordance with this Indenture), (ii) include as part of the Project all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Lease as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the holders of outstanding Bonds as granted them under the terms of this Indenture; duly certified by the Secretary of the Issuer, under its seal, to have been duly enacted by the Issuer and to be in full force and effect on the date of such certification, together with a duly executed counterpart of such amendatory agreement;
- (c) A written statement by the Corporation (i) approving the issuance and delivery of such Additional Bonds, (ii) certifying that the Corporation is not then in default under the Lease, and (iii) agreeing that rental payments under the Lease shall be increased by an amount necessary to pay the principal and interest on the Additional Bonds to be issued;
- (d) Copies, duly certified by the Secretary of the Issuer, of any approvals required under the Act for the issuance of such Additional Bonds;
- (e) An Opinion of Bond Counsel addressed to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Indenture, the Supplemental Indenture and the Act have been satisfied and with respect to such other matters as the Trustee may reasonably request;
- (f) A written order by the Issuer requesting and authorizing the Trustee on behalf of the Issuer to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum specified therein as the amount of the proceeds of the sale of the Additional Bonds being sold which shall include an amount equal to any accrued interest to the date of delivery of such Additional Bonds;
- (g) Evidence satisfactory to the Trustee that the improvements financed by the Additional Bonds will be located on the land described in Exhibit B hereto and will be subject to the Mortgage;
- (h) Increases in ALTA title insurance coverage obtained with respect to the Series XL Bonds to an amount equal to the principal amount of all Bonds outstanding and to be issued under the Supplemental Indenture;



(i) An Opinion of Bond Counsel addressed to Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds set forth in this Indenture and the Supplemental Indenture authorizing such Additional Bonds have been satisfied and that such issuance will not impair the exemption of interest on the Bonds then outstanding from Federal income taxation;

(j) The written consent of the Major Bondholder.

The proceeds of such Additional Bonds shall be deposited with and held and disbursed by the Trustee as provided in the Supplemental Indenture providing for such Additional Bonds.

#### SECTION 3.04 ISSUANCE OF ADDITIONAL BONDS FOR REFUNDING PURPOSES.

The Issuer, if and to the extent authorized by law, in addition to the Bonds authorized to be executed, authenticated and delivered pursuant to the other provisions of this Article III, may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate and deliver to or upon the written order of the President of the Issuer, Additional Bonds, which shall be on parity with and secured in the same manner as all other Bonds then outstanding, for the purpose of refunding all or any part of the Bonds of any one or more Series issued under the provisions of this Indenture and then outstanding, but only upon the receipt by the Trustee, in addition to the items required under Section 3.03 of this Indenture, of:

(a) a copy of a resolution or resolutions adopted by the Issuer describing the Series of Bonds to be refunded and authorizing all necessary action in connection with the refunding thereof pursuant to the provisions of this Indenture and stating the estimate by the Issuer of its expenses in connection with the issuance of such Additional Bonds, certified by the Secretary of the Issuer under its corporate seal to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification;

(b) evidence satisfactory to the Trustee that notice of redemption of the Bonds to be redeemed has been published or given as provided in this Indenture, or that provisions satisfactory to the Trustee have been made for the publication or giving of such notice; and

(c) the proceeds (including accrued interest and any premium) of such Additional Bonds and investment income therefrom as provided in Section 14.02 hereof, if any, which, exclusive of accrued interest, shall be not less than an amount sufficient (together with any other moneys available to the Trustee for such purpose) to pay any interest on the Bonds of each Series to be refunded to maturity or to date fixed for redemption thereof, the principal of and the redemption premium (if any) on the Bonds to be refunded, plus the amount estimated by the Issuer as necessary for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds;

(d) The written consent of the Major Bondholder.

The amount estimated by the Issuer for payment of its expenses in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds shall be set aside by the Trustee out of such proceeds and applied by it in payment of such expenses upon receipt of an Officers' Certificate in substantially the form of the requisition described in Section 5.03 of this Indenture. The balance of such proceeds shall be held and applied by the Trustee in the manner hereinafter in this Section 3.04 set forth. Any amount of the moneys set aside for the payment of such expenses remaining after receipt of any Officers' Certificate to the effect that all such expenses have been paid or provided for shall be transferred by the Trustee to the Bond Fund.

Simultaneously with the delivery of such Additional Bonds, the Trustee shall withdraw from any sums then available for payment of interest on the Bonds to be refunded an amount sufficient (together with any excess of the proceeds of such Additional Bonds over the amount required for paying the principal of and the redemption premium (if any) on the Bonds to be refunded, after excluding from such proceeds accrued interest and excluding the amount set aside for the payment of the expenses of the Issuer in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) to pay the interest on the Bonds to be refunded which will become payable on or prior to their maturity or the date fixed for their redemption, as the case may be. The amount so withdrawn and the proceeds of such Additional Bonds (excluding accrued interest and the amount set aside for the payment of the expenses of the Issuer in connection with the redemption of the Bonds to be refunded and the issuance of such Additional Bonds, but including any premium) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of and interest and redemption premium (if any) on the Bonds to be refunded. The amount paid as accrued interest on such Additional Bonds shall be deposited by the Trustee in the Bond Fund.

#### ARTICLE IV.

##### Construction of Project

##### SECTION 4.01 CONSTRUCTION OF PROJECT; CHANGES IN PLANS AND SPECIFICATION.

In the Lease, the Corporation has agreed to acquire, construct, install, and equip the Project, or cause the Project to be acquired, constructed, installed, and equipped substantially in accordance with the Plans and Specifications.

The Corporation, with the written consent of the Major Bondholder and the Trustee, may revise the Plans and Specifications at any time and from time to time prior to the Completion Date. No material change in the Plans and Specifications shall be made unless (i) a copy of each such revision, duly certified by an Authorized Company Representative, has been filed with the Issuer, the Major Bondholder, and the Trustee; (ii) an Authorized Company Representative has certified to the Trustee that such revision is for the purpose of accommodating technological changes; and (iii) the Trustee has been furnished with either an unqualified Opinion of Bond Counsel or a ruling of the Internal Revenue Service that such revision and the expenditure of moneys from the Construction

2908

Fund to pay the Cost of the Project in accordance with such revision will not impair the exemption of interest on outstanding Bonds from Federal income taxation.

## ARTICLE V.

### Construction Fund

#### SECTION 5.01 CREATION OF CONSTRUCTION FUND.

There is hereby created and established with the Trustee a trust fund, to be designated "Economic Development Construction Fund -- Klamath Medical Service Bureau Project". The Issuer shall pay to the Trustee the proceeds from the sale by the Issuer of each Series of the Bonds, and the Trustee shall deposit the same in the Construction Fund, except that an amount thereof equal to the interest accrued on such Series of Bonds to the date of their delivery to the initial purchasers thereof shall be deposited by the Trustee in the Bond Fund. In addition, the Corporation may make contributions to the Construction Fund, which contributions, if any, shall be considered the first funds disbursed thereafter.

#### SECTION 5.02 APPLICATION OF MONEYS IN CONSTRUCTION FUND.

The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Trustee and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds and for the further security of such holders until paid out as herein provided.

#### SECTION 5.03 CONSTRUCTION FUND REQUISITIONS.

The Trustee shall make payments from the Construction Fund to pay to or upon the order of the Corporation the Cost of the Project upon receipt by the Trustee, not less than 8 days before disbursement, of:

(a) A cost certificate, in such form as may be prescribed by the Trustee, signed by an Authorized Company Representative, which shall include (i) the disbursement request number, (ii) the name and address of the Person to whom payment is due (or, in case of payments to the Bond Fund, instructions to make such payments to the Bond Fund), (iii) the amount to be paid, (iv) a statement to the effect that each obligation, item of Cost or expense mentioned in the cost certificate has been properly incurred, is a proper charge against the Construction Fund, and has not been the basis of any previous withdrawal, and, (v) if the payment is to be made to the Corporation, that such item of Cost of expense has been paid by the Corporation.

(b) Copies of any architect's progress vouchers; copies of the invoices and the bills which have been or will be satisfied with the payment; copies of all checks issued in payment thereof; and, with respect to any product manufactured and supplied by the Corporation, machinery or equipment fabricated by the Corporation or construction

2909

labor charges incurred by the Corporation, copies of intracompany billings, timesheets, job costs sheets or other such cost accumulation schedules as may be appropriate in the circumstances;

(c) A signed statement of the Corporation's architect or engineer (which may be the Corporation's construction project manager) that the Project has been acquired and constructed in accordance with the Plans and Specifications, and that in his opinion the value of the Project after the application of the disbursement requested will be not less than the amount of the disbursements to date; and

(d) A certificate in such form as may be prescribed by the Major Bondholder and signed by both an Authorized Company Representative and the Corporation's architect or engineer (which may be the Corporation's construction project manager) as to the completion status to the date of the disbursement request and since the most recent disbursement. Such certificate may be contained in the certificate indicated in Section 5.03(a);

(e) Appropriate UCC financing statements, when applicable, executed by the Corporation and prepared for filing; and

(f) The written approval of the Major Bondholder, which approval may be based upon:

(i) Prior to the first disbursement from the Construction Fund, the Corporation shall submit to the Trustee and the Major Bondholder evidence satisfactory to the Trustee and the Major Bondholder that the Corporation has expended funds or has funds available in an amount equal to the excess of the total estimated Cost of the Project as indicated in the Certified Cost Estimate over the amount of the Bond proceeds;

(ii) If the actual Costs of the Project in any construction category exceeds the amount for such category as indicated in the Certified Cost Estimate, the Major Bondholder may withhold approval of any disbursements from the Construction Fund until the Corporation makes provisions for payment of excess of such Costs over the amount indicated in the Certified Cost Estimate;

Disbursements by the Trustee from the Construction Fund need not be made more frequently than monthly. Disbursements shall be limited to 95% of completed direct Costs and 100% of completed indirect Costs of the Project (as indicated in the Certified Cost Estimate) with the retainage to be disbursed upon Trustee's receipt of the final ALTA policy with survey and mechanics lien exceptions deleted as indicated in Section 5.05(d). In addition to the financial statements required by Section 7.01, the Trustee shall provide monthly statements to the Issuer and the Corporation itemizing each payment from the Construction Fund and the date thereof during the preceding month. Both the Trustee and the Issuer may rely and shall be protected in relying upon the foregoing representations and certificates.

#### SECTION 5.04 RETENTION OF REQUISITIONS.

As long as any Bond is outstanding but not in any event for less than seven years from the date thereof, the Trustee shall retain in its possession all requisitions received by it as in this Indenture required, subject to the inspection of the Issuer, its agents and representatives, the Corporation and the Bondholders and their representatives at all reasonable times at the Trust Office.

#### SECTION 5.05 COMPLETION OF PROJECT.

Upon completion of the Project described in Exhibit A to the Lease or completion of any enlargements, improvements or extensions thereof, or completion of any additional industrial development facilities at the Project, in accordance with the Plans and Specifications, the Corporation shall furnish the Issuer and Trustee with:

(a) A certificate of an Authorized Company Representative stating that (i) the Project has been completed in accordance with the Plans and Specifications, and the date of such completion, and (ii) all Costs of Construction of the Project have been paid or provisions have been made for the payment thereof;

(b) A certificate of the Corporation's architect or engineer (which may be the Corporation's construction project manager) of substantial completion of the Project;

(c) A certificate of an independent public accountant stating that Costs of the Project identified in subparagraph (a) above are Exempt Costs;

(d) The written concurrence of the Major Bondholder that the Project has been completed to the Major Bondholder's satisfaction;

(e) The Corporation's written acceptance of the Project, provided, however, that no Person other than the Trustee and the Major Bondholder shall be entitled to rely upon such acceptance and such acceptance shall not bar any claim of the Corporation against any third party for any defect in the Project.

The Corporation shall also furnish the Trustee with a revised ALTA title insurance policy as required by Section 3.02(g) with the survey exception deleted. The Corporation will deliver a revised ALTA title insurance policy as required by Section 3.02(g) with the survey and mechanics lien exceptions deleted within 60 days of the Completion Date.

Notwithstanding the foregoing, such certificates shall state that they are given without prejudice to any rights of the Company or the Issuer against third parties which may exist at the date of such certificate or which may subsequently come into being.

Upon receipt of the certificates indicated in this Section 5.05, any balance in the Construction Fund not reserved for the payment of any remaining

2911

part of the Cost of any of the foregoing shall be applied in accordance with the provisions of Section 3.06 of the Lease.

Upon written notification to the Trustee from the Company (a) that the Project will not be completed for any of the reasons specified in the second paragraph of Section 3.01 of the Lease at a time when there are surplus funds remaining in the Construction Fund and (b) that such surplus funds will not be applied to the acquisition, construction and installation of other industrial development facilities as permitted by the Lease, such surplus funds shall be deposited in the Bond Fund.

## ARTICLE VI.

### Revenues and Bond Fund

#### SECTION 6.01 SOURCE OF PAYMENT OF BONDS.

The Bonds herein authorized and all payments by the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from the Revenues and the payments under the Guaranty (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to the income from the temporary investment thereof) and as authorized by the Act and provided herein.

The interest of the Issuer in the Project has been leased to the Corporation under the Lease and the rentals provided in Section 4.02 of the Lease are to be remitted directly to the Trustee for the account of the Issuer and deposited in the Bond Fund. Such rentals, sufficient in amount to insure the prompt payment of the principal of and premium, if any, and interest on the Bonds, are pledged to such payment.

#### SECTION 6.02 CREATION OF THE BOND FUND.

There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "Economic Development Bond Fund -- Klamath Medical Service Bureau Project", which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

#### SECTION 6.03 PAYMENTS INTO THE BOND FUND.

There shall be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited in the Bond Fund, as and when received (a) any amount in the Construction Fund directed to be paid into the Bond Fund under Section 3.06 of the Lease; (b) all rental payments specified in Section 4.02 of the Lease; (c) all money received for deposit in the Bond Fund pursuant to the Guaranty; and (d) all other moneys received by Trustee under and pursuant to any of the provisions of the Lease or this Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be paid to Trustee in collected funds for deposit in the Bond Fund for its account, sufficient sums



from the revenues and receipts derived by the Issuer from or in connection with the Project and pledged hereunder, whether or not under and pursuant to the Lease:

(a) On the business day next preceeding each interest payment date with respect to the Bonds, the sum which, together with other moneys available therefor in the Bond Fund (including moneys transferred to such Fund for interest on the Bonds), will equal the interest to be paid on the Bonds on such interest payment date; and

(b) On the business day next preceding each Principal Installment Date, the sum which, together with other moneys available therefor in the Bond Fund, will equal the sum of (i) the principal of the Bonds which will mature on such Principal Installment Date, and (ii) any applicable redemption premium.

Trustee, without further authorization than is in this Section 6.03 contained, shall pay or, if the Paying Agent is other than the Trustee, shall forward to the Paying Agent before the date payment is due, from the moneys in the Bond Fund (i) the interest on the Bonds as and when the same shall become due, provided that such payment of interest on such Bonds with coupons attached shall be made only upon presentation and surrender of the appropriate coupon as they severally mature, and (ii) the principal of the Bonds as and when the same shall mature, provided that such payment of principal shall be made only upon presentation and surrender of such Bonds as they severally mature.

Whenever so directed by the Corporation, the Trustee shall use such moneys in the Bond Fund as the Corporation shall designate to (1) endeavor to purchase Bonds then outstanding on the most advantageous terms obtainable with reasonable diligence, such price not to exceed the then current redemption price of such Bonds, or if no redemption price shall then be currently effective, the redemption price which shall first become effective thereafter as to such Bonds, or (2) call for redemption on the next practical redemption date, such amount of Bonds as the Corporation shall specify. Accrued interest on the Bonds so purchased or redeemed shall be paid from the Bond Fund. All other expenses in connection with such purchase or redemption shall be made subject to and in accordance with the provisions of Article VIII of this Indenture.

If at any time the aggregate of the amounts then on deposit in the Bond Fund is sufficient to pay when due the principal of and premium, if any, and interest on the Bonds remaining outstanding, together with any payments due to the Trustee and the Issuer, Trustee shall notify the Corporation that no additional or further payments need be made under this Indenture, and the Trustee shall apply the moneys then in the Bond Fund to the payment of the principal of and premium, if any, and interest on the Bonds as they mature and to the payments of the amounts, if any, payable to itself as Trustee, to any Paying Agent and to the Issuer.

#### SECTION 6.04 CUSTODY OF BOND FUND.

The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction Trustee hereby accepts.

#### SECTION 6.05 NON-PRESENTMENT OF BONDS.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bond or coupon shall have been made available to Trustee for the benefit of the holder or holders thereof, all liability of the Issuer to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of Trustee to hold such funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the holder of such coupon, as the case may be, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

#### SECTION 6.06 REPAYMENT TO CORPORATION FROM THE BOND FUND.

Any amounts remaining in the Bond Fund after full payment of the Bonds, all Administration Expenses and expenses and fees of the Trustee, and all other amounts required to be paid hereunder, shall be paid to the Corporation upon the expiration or sooner termination of the Lease, it being recognized that such amounts shall have been accumulated as the result of overpayments of rent by the Corporation under the Lease.

### ARTICLE VII.

#### Security for and Investment of Moneys

#### SECTION 7.01 MONEYS TO BE HELD IN TRUST; TRUSTEE'S REPORTS.

All moneys from time to time received by the Trustee and held in any Fund created under this Indenture shall be held in trust by the Trustee for the benefit of the holders from time to time of the Bonds and coupons entitled to be paid therefrom, subject to the provisions of Section 9.09 of this Indenture. Trustee shall provide the Issuer and the Corporation with such audit reports as the Issuer may require and, not less frequently than semi-annually, financial statements as may be required by the Issuer.

#### SECTION 7.02 MONEYS TO BE SECURED.

All moneys received by the Trustee under this Indenture and not invested by the Trustee pursuant to the provisions of Section 7.03 of this Indenture, to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, shall be deposited with a Federal Reserve Bank or with the Trustee, if so authorized by law with respect to trust funds in Oregon, or

2314

with a national or state bank or a trust company which has a combined capital and surplus aggregating not less than \$15,000,000.

### SECTION 7.03 INVESTMENT OF MONEYS.

Moneys on deposit to the credit of the Construction Fund or the Bond Fund may be retained uninvested as trust funds and shall, upon receipt from time to time of a certificate of an Authorized Company Representative (or, if the Corporation is in default under the Lease, an Officers' Certificate) specifying and directing that such investment of such funds be made, be invested by the Trustee, to the extent permitted by law, in (i) governmental obligations; (ii) prime commercial paper; (iii) prime finance company paper; (iv) bankers' acceptances drawn on and accepted by commercial banks; repurchase agreements fully secured by governmental obligations; and (v) certificates of deposit issued by commercial banks (which may include the Trustee) having a combined capital and surplus of not less than \$15,000,000. The Trustee shall have no obligation to invest any moneys on deposit hereunder in the absence of a certificate of an Authorized Company Representative or an Officers' Certificate as provided in this Section 7.03. Such investments shall have maturity dates on or prior to the dates the moneys invested therein will be needed for the purposes of such Funds.

The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund and, for the purpose of determining the amount of money in such Fund, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from such Fund at time of purchase) shall be deposited by the Trustee in the Fund in which the moneys were originally held and any loss shall be charged to such Fund.

### SECTION 7.04 BALANCE TO CORPORATION.

Any balance in any of the Funds created under this Indenture or otherwise held by the Trustee after all the Bonds, together with the interest thereon, and Administration Expenses have been paid in full and all amounts due to the Trustee and the Issuer have been paid, shall be paid over to the Corporation.

## ARTICLE VIII.

### Redemption of Bonds

#### SECTION 8.01 REDEMPTION OF BONDS.

Any redemption of all or any part of the Bonds which are subject to redemption shall be made in the manner provided in this Article VIII.

#### SECTION 8.02 LIMITATIONS ON REDEMPTION.

A redemption of Bonds issued under the provisions of this Indenture and then outstanding shall be either (1) a redemption of the whole or any part of one or more Series of Bonds from any funds available to the Issuer for that purpose; (2) a redemption pursuant to the provisions of Section 2.01 of this Indenture;

- (3) a redemption pursuant to the provisions of Section 2.02 of this Indenture;
- (4) a redemption of the whole or any part of one or more Series from the proceeds of Additional Bonds issued under the provisions of Section 3.04 of this Indenture;
- or (5) a redemption pursuant to the terms of a Supplemental Indenture.

Unless otherwise provided with regard to a particular Series of Bonds, if less than all of the Bonds of a Series are called for redemption, the particular Bonds or portions of Bonds of said maturity to be redeemed shall be selected in inverse numerical order by the Trustee.

#### SECTION 8.03 NOTICE OF REDEMPTION.

In the case of any redemption, the Trustee shall give in its own name or in the name of the Issuer, notice by publication, as hereinafter in this Section 8.03 provided, that Bonds of a particular Series and maturity date identified by serial numbers have been called for redemption and, in the case of registered Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Corporate Trust Office, at the applicable redemption price (specifying such price), together with accrued interest to such date, and that all interest on the Bonds or portions thereof, so to be redeemed will cease to accrue on and after such date.

Such notice shall be given by publishing the same once a week for two successive weeks (the first publication to be at least 30 but not more than 60 days before the date fixed for redemption) in a newspaper of general circulation which specializes in financial matters, is printed in the English language and is customarily published on each business day in The City of New York and in a newspaper of general circulation within the State of Oregon. If any registered Bonds or portions thereof shall be called for redemption, a similar notice shall be mailed by registered or certified mail in a sealed envelope, postage prepaid, at least 40 days prior to the date fixed for redemption, to the Registered Owners of such Bonds, or portions thereof, so called, at their respective addresses as the same shall last appear on the Bond Register; but the mailing of such notice shall not be a condition precedent to such redemption, and failure so to mail such notice shall not affect the validity of such call for redemption.

In case, by reason of the suspension of publication of any authorized newspaper, or by reason of any other cause, it shall be impracticable to make publication of any notice in an authorized newspaper or authorized newspapers as required by this Indenture, then such method of publication or notification as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Registered Owners of registered Bonds of any event when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice. Any notice mailed as provided in this Section 8.03 shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Anything in this Indenture contained to the contrary notwithstanding, if and so long as all the Bonds called for redemption are registered as to ownership, any notice required to be given by publication with respect to the Bonds, may, at the option of the Issuer in lieu of such publication, be given by mailing the same by registered or certified mail in a sealed envelope, postage prepaid, addressed to each Registered Owner of Bonds as his address shall last appear on the Bond Register, such notice to be so mailed on or before the date upon which the first publication would have been required if notice by publication had been given, and any notice in this Indenture required may be omitted if the holders of all the Bonds called for redemption give to the Trustee a written waiver of such notice.

#### SECTION 8.04 RIGHT OF HOLDERS OF BONDS CALLED FOR REDEMPTION.

If notice of redemption has been given as provided in Section 8.03 of this Indenture, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment of the redemption price, together with accrued interest, shall be made by the Trustee upon surrender of such Bonds with, if coupon Bonds or coupons Bonds registered as to principal only, all unmatured coupons appertaining thereto. The expense of giving notice and any other expenses of redemption shall be paid by the Corporation. If there shall be called for redemption less than the principal amount of a registered Bond, the Issuer shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Registered Owner thereof, at the option of the Registered Owner, either coupon Bonds or registered Bonds without coupons of like Series and maturity date for the unredeemed portion of the principal amount of the registered Bond so surrendered.

Prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds called, together with accrued interest thereon to the redemption date and any required premium. From and after the date fixed for redemption designated in such notice (deposit of sufficient redemption moneys having been made with the Trustee and notice having been given or waived as aforesaid), notwithstanding that any Bonds so called for redemption in whole or in part shall not have been surrendered for cancellation, no further interest shall accrue upon the principal of any of the Bonds or portions thereof so called for redemption and all coupons for interest maturing subsequent to such date fixed for redemption shall be void; and such Bonds or portions thereof so to be redeemed shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption. Coupons which have matured on or before such date fixed for redemption shall remain payable to bearer upon presentation and surrender thereof in accordance with their terms. All coupons for interest maturing subsequent to such date shall be void.

All Bonds which have been redeemed shall not be reissued but shall be cancelled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.09 hereof.

2917

SECTION 8.05 MANDATORY REDEMPTION OF SERIES XL BONDS IN EVENT OF TAXABILITY.

The Trustee shall, promptly after receipt by it of notice of an Event of Taxability, send written notification to the Corporation and the Issuer that the outstanding Series XL Bonds shall be redeemed pursuant to the requirements of Section 2.02 and the date upon which such Series XL Bonds are to be so redeemed. As such date for redemption, the Trustee shall select the earliest practicable date on which it deems the outstanding Series XL Bonds may be so redeemed, provided, however, that the date fixed for such redemption (i) shall be within 180 days after the receipt by the Trustee of the aforesaid notice and (ii) shall be such a date as will permit proper publication of notice of such redemption pursuant to Section 8.03 of this Indenture. The Trustee shall also proceed, in accordance with Article VIII of this Indenture, to call for redemption on such date all outstanding Series XL Bonds, which will not mature or otherwise be redeemed prior to the aforesaid redemption date, at the redemption price specified in Section 2.02 of this Indenture. The Trustee shall take the actions specified in this Section without any further authorization than is contained in this Section and shall take such action without the necessity of obtaining any consents or approvals of the Corporation or the Issuer.

ARTICLE IX.

Particular Covenants of the Issuer

SECTION 9.01 PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST.

The Issuer will promptly pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Indenture) the principal of and the interest on every Bond issued under and secured by this Indenture and any redemption premium required to be paid for the retirement of said Bonds by redemption at the places, on the dates and in the manner specified in this Indenture and in said Bonds and in the coupons thereto appertaining, according to the terms thereof.

SECTION 9.02 MAINTENANCE OF EXISTENCE.

The Issuer will at all times use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project.

SECTION 9.03 NO AMENDMENT OF LEASE WITHOUT CONSENT.

As long as any of the Bonds are outstanding, the Issuer will require the Corporation to pay, or cause to be paid, all the payments and other costs and charges payable by the Corporation under the Lease. The Lease may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the Issuer, the Trustee or the holders of outstanding Bonds without the prior written consent of (a) the holders of at least 67 percent in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than 67 percent in aggregate principal amount of the Bonds of each Series so affected then outstanding; provided,



however, that if such modification or amendment will, by its terms, not take effect as long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 9.03; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of outstanding Bonds the consent of the holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made under the Lease or extend the time of payment thereof. No amendment of the Lease shall be made without the prior written consent of the Corporation. The Lease may be amended, changed, modified, altered or terminated without the consent of the holders of outstanding Bonds to provide changes which will not adversely affect the interests of such holders by written consent of the Issuer, the Trustee and the Corporation.

#### SECTION 9.04 PERFORMANCE OF COVENANTS; THE ISSUER.

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Oregon, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to execute and deliver the Lease, to assign the Lease and amounts payable under the Lease, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders thereof and the coupons appertaining thereto in the hands of the holders thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof and hereof.

#### SECTION 9.05 INSTRUMENTS OF FURTHER ASSURANCE

The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such documents supplemental hereto and such further acts, instruments and transfers as Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Lease provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any of the Revenues and receipts derived from or in connection with the Project or any of its rights under the Lease or any of the funds pledged hereunder.

#### SECTION 9.06 INSPECTION OF PROJECT BOOKS.

The Issuer and Trustee covenant and agree that all books and documents in their possession relating to the Project and the revenues and receipts derived from or in connection with the Project, including payments under the Lease, shall be open to inspection by such accountants or other agencies as the other party may from time to time designate at all normal business hours.

#### SECTION 9.07 LIST OF BONDHOLDERS.

2319

Trustee will keep on file a list of names and addresses of all holders of Bonds who may request that their names and addresses be placed on said list by filing written request with the Issuer or with Trustee which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by Trustee, said list may be inspected and copied by the Corporation or by holders (or a designated representative thereof) of 15 percent or more in principal amount of Bonds then outstanding, such possession or ownership and the authority of such designated representative to be evidenced to the satisfaction of Trustee.

#### SECTION 9.08 RIGHTS UNDER LEASE.

The Lease, a duly executed counterpart of which has been filed with Trustee, sets forth the covenants and obligations of the Issuer and the Corporation, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Corporation thereunder, and the Issuer agrees that Trustee in its name or to the extent permitted by law, in the name of the Issuer, may enforce all rights of the Issuer and all obligations of the Corporation under and pursuant to the Lease for and on behalf of the Bondholders whether or not the Issuer is in default hereunder.

#### SECTION 9.09 NO EXTENSION OF TIME FOR PAYMENT.

In order to prevent any accumulation of coupons or claims for interest after maturity, the Issuer will not directly or indirectly extend or assent to the extension of the time of payment of any coupons appertaining to, or claims for interest on, any of the Bonds and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such coupons or claims for interest or in any other manner. In case any such coupons or claim for interest shall be extended or funded in violation of this Section, such coupons or claim for interest shall not be entitled, in case of any default under this Indenture, to the benefit or security of this Indenture except subject to the prior payment in full of the principal of and redemption premium (if any) on all Bonds issued and outstanding under this Indenture, and of all coupons and claims for interest which have not been so extended or funded.

#### SECTION 9.10 FILING.

This Indenture shall be recorded and indexed as a mortgage of real property in such place and at such time provided by law for the proper recordation thereof. The Issuer agrees that there will promptly be filed in accordance with the provisions of the Uniform Commercial Code of the State of Oregon or any jurisdiction the laws of which may be applicable, or any similar statutory provisions, Financing Statements between the Issuer and the Trustee covering the assignment and pledge of the Issuer's right, title and interest in the Lease, and all amounts payable on account thereof, and Financing Statements between the Issuer and the Corporation in respect of the equipment, machinery and other facilities comprising part of the Project and that the Trustee will file or cause to be filed from time to time such necessary Financing Statements as may be required to continue the perfection of the security interests described in such Financing Statements, and that it will file promptly with the Trustee evidence

of each such filing. Upon filing of such continuation Financing Statements, the Corporation will deliver to the Trustee an Opinion of Counsel satisfactory to the Trustee to the effect that all filings then required to continue the perfection of such security interests have been accomplished in compliance with the foregoing requirements.

As specific descriptions of personal property and fixtures become available, the Trustee and Issuer may, with the consent of the Major Bondholder, terminate any Financing Statements containing general descriptions of the collateral if Financing Statements containing specific descriptions of the personal property or fixtures forming the collateral are filed to replace the Financing Statements terminated. Before filing such termination and replacement Financing Statements, the Corporation will deliver to the Trustee an Opinion of Counsel satisfactory to the Trustee to the effect that the Trustee's security interest in the specifically described collateral is not diminished in scope or priority because of such termination and filing.

#### SECTION 9.11 COMPLIANCE WITH LEASE.

Any requirement imposed by this Indenture or the Lease on the Issuer may, if not performed by the Issuer, be performed by the Corporation and such performance by the Corporation shall constitute compliance with the requirement of this Indenture or the Lease as if performed by the Issuer.

#### SECTION 9.12 EXECUTION OF AMENDMENT TO LEASE.

(a) Prior to the issuance of any Additional Bonds under the provisions of Section 3.03 of this Indenture for the purpose of providing funds for the completion of payment of the Cost of the Project, the Issuer will, if necessary, enter into an appropriate agreement amending the Lease. Such amendatory agreement shall increase, if necessary, the payments to be made under the Lease to an amount which shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on such Additional Bonds as the same shall become due and payable in accordance with their terms. In addition, such amendatory agreement shall include in the Project as defined in the Lease, if necessary, all machinery, equipment, facilities, land and rights in land to be financed by the issuance and sale of such Additional Bonds, if any, and make such other revisions in the Lease as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the holders of outstanding Bonds, as granted them under the terms of this Indenture.

(b) The Issuer shall not issue any Additional Bonds under the provisions of Section 3.04 of this Indenture for the purpose of refunding all or any part of the Bonds of any one or more Series unless the payments under the Lease shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on all Bonds which will be outstanding upon the issuance of such Additional Bonds as the same become due and payable.

(c) Upon the execution of each such amendatory agreement the Issuer will execute and deliver to the Trustee for the benefit of

the holders of the Bonds a proper instrument or instruments of assignment and pledge, assigning and pledging to the Trustee all the right, title and interest of the Issuer in and to each such amendatory agreement and the amounts payable to the Issuer thereunder.

## ARTICLE X.

### Defaults and Remedies

#### SECTION 10.01 DEFAULTS; EVENTS OF DEFAULT; ACCELERATION.

In case one or more of the following events (in this Indenture referred to as the "Events of Default") shall happen and be continuing, that is to say, if

(a) payment of the principal of the Bonds and redemption premium (if any) shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) the occurrence of an event of default under the Lease;

or

(d) the Issuer shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or in this Indenture on the part of the Issuer to be performed, and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Corporation by the Trustee by registered mail, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the holders of not less than 25 percent in aggregate principal amount of all Bonds then outstanding; however, if said default be such that it cannot reasonably be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Corporation within the applicable period and diligently pursued until the default is corrected;

then, in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Trustee may, and upon written request of the holders of at least 25 percent in aggregate principal amount of all Bonds then outstanding shall, by written notice given to the Issuer and the Corporation by the Trustee and provided that the default has not theretofore been cured, declare the principal of all Bonds then outstanding to be due and payable immediately, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Indenture or in said Bonds to the contrary notwithstanding.

The above provisions, however, are subject to the condition that if, after the principal of all Bonds then outstanding shall have been so declared to be due and payable, all arrears of interest upon such Bonds, and the principal and redemption premium, if any, on all Bonds then outstanding which

shall have become due and payable otherwise than by acceleration, and all other sums payable under this Indenture, except the principal of, and interest on, the Bonds which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Issuer, and the Issuer also shall have performed all other things in respect of which it may have been in default under this Indenture, and shall have paid the reasonable expenses of the Trustee and of the holders of such Bonds, including reasonable attorneys' fees (including attorney's fees for appeals) paid or incurred, then and in every such case, such default shall be waived and such declaration and its consequences rescinded and annulled by the Trustee by written notice given to the Issuer and the Corporation by registered mail, which waiver, rescission and annulment shall be binding upon all Bondholders; but no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

#### SECTION 10.02 TRUSTEE TO HAVE RIGHT TO ENFORCE LEASE.

In any case in which under the provisions of Section 10.01 of this Indenture the Trustee has the right to declare the principal of all Bonds then outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon redemption or otherwise) and are not paid, the Trustee, as the assignee and pledgee of all the right, title and interest of the Issuer in and to the Lease may enforce each and every right granted to the Issuer under the Lease.

#### SECTION 10.03 OTHER REMEDIES.

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the holders of at least 25 percent in aggregate principal amount of the Bonds then outstanding and receipt of indemnity to its satisfaction shall:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders and require the Issuer or the Corporation to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Lease, the Guaranty and this Indenture;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Issuer to account as if it were the trustee for an express trust for the Bondholders;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(e) by action or suit to bring an action of foreclosure.

#### SECTION 10.04 ABANDONMENT OF PROCEEDINGS BY TRUSTEE.

In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and

2923

rights under this Indenture, respectively, and all rights, remedies and power of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.05 RIGHT OF BONDHOLDER TO DIRECT PROCEEDINGS.

Anything in this Indenture to the contrary notwithstanding, upon the happening and continuance of any Event of Default the holders of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture.

SECTION 10.06 RIGHTS AND REMEDIES OF BONDHOLDERS.

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under this Indenture, or any other remedy under this Indenture or on said Bonds, unless such holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the holders of not less than 25 percent in aggregate principal amount of the Bonds then outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Indenture granted, or to institute such action, suit or proceeding in its security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy under this Indenture; it being understood and intended that no one or more holders of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture or under the Bonds, except in the manner in this Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Indenture provided and for the equal benefit of all holders of outstanding Bonds and coupons; subject, however, to the provisions of Section 9.09 of this Indenture. Notwithstanding the foregoing obligation of the Issuer shall be absolute and unconditional to pay, but solely from the Revenues and other funds pledged under this Indenture, the principal of and redemption premium (if any) and interest on the Bonds to the respective holders thereof and the coupons appertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such holders to enforce such payment.

SECTION 10.07 REMEDIES VESTED IN TRUSTEE.

All rights of action under this Indenture or under any of the Bonds secured by this Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or coupons thereunto appertaining, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be



brought in its own name, as trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of outstanding coupons, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Bonds and coupons, if any, thereto appertaining, subject to the provisions of this Indenture.

SECTION 10.08 NO REMEDY EXCLUSIVE.

No remedy in this Indenture conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 10.09 DELAY OR OMISSION OF TRUSTEE NO WAIVER OF DEFAULT.

No delay or omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article X to the Trustee and to the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.10 APPLICATION OF MONEYS.

All moneys received by Trustee pursuant to any right given or action taken under the provisions of this Article X or by virtue of action taken under provisions of the Lease shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee and payment of Administration Expenses, be deposited in the Bond Fund and all moneys in the Bond Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST -- To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND -- To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds and premium, if any, due on

any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto within any discrimination or privilege; and

THIRD -- To be held for the payment to the persons entitled thereto as the same shall become due of the principal and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of any Bonds shall have become due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of any Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article X then, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section 10.10.

Whenever moneys are to be applied pursuant to the provisions of this Section 10.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

With regard to any alleged default concerning which notice is given to the Issuer and the Corporation under the provisions of this Section 10.10, the Issuer hereby grants the Corporation full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution and agrees to cooperate with the Corporation to enable the Corporation to so act.

2926

ARTICLE XI.

Concerning the Trustee

SECTION 11.01 APPOINTMENT OF TRUSTEE.

First National Bank of Oregon, Portland, Oregon is hereby appointed Trustee under this Indenture. The Trustee shall signify its acceptance of the duties and obligations of the Trustee created by this Indenture by executing and delivering to the Issuer a certificate to that effect.

SECTION 11.02 NO RESPONSIBILITY FOR CORRECTNESS OF STATEMENTS IN INDENTURE.

The recitals, statements and representations in this Indenture or in the Bonds contained, save only the Trustee's certificate of authentication upon the Bonds, shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any hereof or thereof. The Trustee shall have no responsibility for any funds other than those funds actually paid to or received or held by it hereunder.

SECTION 11.03 LIMITATION OF TRUSTEE RESPONSIBILITY.

The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trusts in this Indenture created, except only for its own willful misconduct or negligence. The Trustee shall be answerable to the Corporation for any payments it receives pursuant to the Lease which is not utilized pursuant to the provisions of the Lease or this Indenture.

SECTION 11.04 COMPENSATION AND REIMBURSEMENT.

The Issuer shall pay (but solely from the Revenues, the proceeds of the Bonds and the income earned by the investment of funds under this Indenture) or cause the Corporation to pay to the Trustee reasonable compensation for all services rendered by it under this Indenture and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts by this Indenture created and the performance of its powers and duties under this Indenture, including attorneys' fees for appeals. In default of such payment, the Trustee may deduct the same from any moneys coming into its hands and shall be entitled to a preference in payment over any of the Bonds and coupons outstanding under this Indenture.

SECTION 11.05 NO DUTY TO EFFECT INSURANCE.

The Trustee may, but shall not be under any duty to, effect or to renew any policies of insurance and shall have no liability for the failure of the Issuer or the Corporation to effect or renew insurance; or to report or file claims or proofs of loss for any loss or damage insured against or which may occur; nor shall the Trustee be liable as an insurer.

SECTION 11.06 NO DUTY TO NOTICE DEFAULT.

The Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Indenture other than a default under Section 10.01(a) or Section 10.01(b) of this Indenture, unless specifically notified in writing of such default by the holders of at least 25 percent in aggregate principal amount of the Bonds then outstanding. The Trustee may, however, at any time, in its discretion, require of the Issuer full information and advice as to the performance of any of the covenants, conditions and agreements contained in this Indenture.

SECTION 11.07 NO DUTY TO TAKE ACTION UPON DEFAULT UNLESS REQUESTED BY BONDHOLDERS.

The Trustee shall be under no obligation to take any action with respect to any default or otherwise or toward the execution or enforcement of any of the trusts by this Indenture created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by holders of at least 25 percent in aggregate principal amount of the Bonds then outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without security or indemnity.

SECTION 11.08 RIGHT TO RELY ON DOCUMENTS BELIEVED GENUINE.

The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, coupon, requisition or other paper or document which it shall in good faith believe to be genuine and to have been authorized or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as a holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with the Trustee or evidence satisfactory to the Trustee of the ownership of such Bond or coupons shall be furnished to the Trustee.

SECTION 11.09 RIGHT TO OWN AND DEAL IN BONDS.

The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons issued under and secured by this Indenture, and may join in or take any action which any Bondholder may be entitled to take with like effect as if the Trustee were not named in this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Corporation, and may act as depository, trustee, or agent for any committee or body of holders of the Bonds issued under or secured by this Indenture or other obligations of the Issuer as freely as if it were not Trustee under this Indenture.

SECTION 11.10 NO LIABILITY FOR INTEREST UPON ANY MONEYS RECEIVED BY TRUSTEE.

The Trustee shall be under no liability for interest upon any moneys which it may at any time receive under any of the provisions of this Indenture, except such as it may agree in writing with the Issuer to pay thereon and except for certificates of deposit issued by the Trustee which are purchased as investments pursuant to Section 7.03 hereof.

SECTION 11.11 CONSTRUCTION OF AMBIGUOUS PROVISIONS OF INDENTURE.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof, and any construction of any such provisions of this Indenture by the Trustee in good faith shall be binding upon the Bondholders.

SECTION 11.12 RESIGNATION BY TRUSTEE.

The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Secretary of the Issuer and the Corporation not less than 60 days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by publication at least once a week for two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in The City of New York, the first publication of said notice to appear not less than three weeks prior to the date specified in such notice when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall be appointed as hereinafter in this Article XI provided, in which event such resignation shall take effect immediately on the appointment of such successor Trustee.

Anything in this Indenture contained to the contrary notwithstanding, if and as long as all the Bonds then outstanding are registered as to ownership, any notice in this Article XI required to be given by publication with respect to the Bonds, may, at the option of the Trustee in lieu of such publication, be given by mailing the same by first class mail, in a sealed envelope, postage prepaid, addressed to each Registered Owner of Bonds as his address shall last appear on the Bond Register, such notice to be so mailed on or before the date upon which the first publication would have been required if notice by publication had been given, and any notice in this Indenture required may be omitted if the holders of all the Bonds give to the Trustee a written waiver of such notice.

SECTION 11.13 REMOVAL OF TRUSTEE.

The Trustee at any time and for any reason may be removed by an instrument in writing appointing a successor filed with the Trustee so removed and executed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

### SECTION 11.14 APPOINTMENT OF SUCCESSOR TRUSTEE.

In case at any time the Trustee shall resign, or shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then outstanding, by an instrument or instruments in writing filed with the Secretary of the Issuer, signed by such Bondholders or by their attorneys-in-fact duly authorized in writing. Copies of each instrument shall be promptly delivered by the Issuer to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Bondholders as authorized by this Section 11.14, the Issuer, by an instrument authorized by resolution, shall appoint a Trustee to fill such vacancy. After any appointment by the Issuer, it shall cause notice of such appointment to be published once in each of two consecutive weeks in a newspaper of general circulation which carries financial news, is printed in the English language and is customarily published on each business day in the City of New York. Any new Trustee so appointed by the Issuer shall immediately and without further act be superseded by a Trustee appointed by the Bondholders in the manner hereinabove in this Section 11.14 provided.

### SECTION 11.15 QUALIFICATIONS OF SUCCESSOR TRUSTEE.

Every successor in the trust hereunder appointed pursuant to Section 11.14 of this Indenture shall be a bank or trust company organized and doing business under the laws of the United States or any state or territory thereof with trust powers, and doing business within the State of Oregon having a combined capital and surplus of at least \$15,000,000 if such a bank or trust company willing and able to accept the trust on customary terms can, with reasonable effort, be located.

### SECTION 11.16 COURT APPOINTMENT OF SUCCESSOR TRUSTEE.

In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article XI prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

### SECTION 11.17 ACCEPTANCE BY SUCCESSOR TRUSTEE.

Any successor Trustee appointed under this Article XI shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment under this Indenture, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Indenture, with like effect as if originally named Trustee in this Indenture. Upon request of such successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts



2330

under this Indenture of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it under this Indenture.

Any Trustee ceasing to act shall nevertheless retain a lien upon all property and funds held or collected by such Trustee to secure any amount then due it pursuant to the provisions of Section 11.04 of this Indenture.

#### SECTION 11.18 SUCCESSOR TRUSTEE BY MERGER OR CONSOLIDATION.

Any corporation into which any Trustee under this Indenture may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee under this Indenture shall be a party, or any corporation to which any Trustee under this Indenture may transfer substantially all of its assets, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding.

#### SECTION 11.19 EXERCISE OF POWERS DURING EVENT OF DEFAULT.

Notwithstanding any other provisions of this Article XI, the Trustee shall, during the existence of an Event of Default known to the Corporate Trust Department of the Trustee, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

#### SECTION 11.20 NOTICE UPON EVENT OF DEFAULT.

Upon the occurrence of an Event of Default known to the Trustee, the Trustee shall within 30 days:

- (i) give written notice thereof by mail to each Registered Owner of registered Bonds then outstanding at such owner's last address appearing upon the Bond Register; and
- (ii) publish notice thereof once a week for two successive weeks in a newspaper as described in Section 8.03 of this Indenture,

unless such Event of Default shall have been cured before the giving of such notice.

#### SECTION 11.21 TRUSTEE MAY INTERVENE IN JUDICIAL PROCEEDINGS.

In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may in its own name and as trustee of an express trust intervene on behalf of the holders of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the holders of at least 25 percent in aggregate principal amount of Bonds then outstanding if permitted by the court having jurisdiction in the premises.

## SECTION 11.22 TRUSTEE TO USE PROJECT IN ACCORDANCE WITH ACT.

The Trustee shall not use, while the Trustee is in possession thereof, or permit or suffer to be used, the Project or any portion thereof for any purposes other than as permitted in the Act.

## SECTION 11.23 APPOINTMENT OF PAYING AGENT.

The Paying Agent or Paying Agents, if any, for the Series XL Bonds shall be appointed by resolution of the Issuer to be adopted at the time of sale of the Series XL Bonds and if no Paying Agent is appointed, the Trustee shall act as Paying Agent. The Issuer may at any time or from time to time appoint one or more Paying Agents for the Series XL Bonds or any other Bonds in the manner and subject to the conditions set forth in Section 11.24 of this Indenture for the appointment of a successor Paying Agent. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by written instrument of acceptance deposited with the Issuer and the Trustee.

## SECTION 11.24 SUCCESSOR PAYING AGENT.

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' written notice to the Issuer and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer, with the approval of the Trustee and shall be a bank or trust company duly organized thereof, having a capital stock and surplus aggregating at least \$15,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

## SECTION 11.25 TRUSTEE'S DELEGATION TO MAJOR BONDHOLDER.

The Trustee may delegate to the Major Bondholder upon the Major Bondholder's written acceptance of such delegation any of the Trustee's duties hereunder.

## ARTICLE XII.

### Execution of Instruments by Bondholders and Proof of Ownership of Bonds

## SECTION 12.01 EXECUTION OF INSTRUMENTS.

Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or

executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken, suffered or omitted by any of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness of such execution.

(b) The fact of the holding of Bonds under this Indenture by any Bondholder and the serial numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the Person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be in form satisfactory to it, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be in form satisfactory to it, showing that at the date therein mentioned such Person had on deposit with such trust company, bank, banker or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the Bond Register.

Nothing contained in this Article XII shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in this Article XII stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the Registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

### ARTICLE XIII.

#### Modification of Indenture and Supplemental Indenture

#### SECTION 13.01 SUPPLEMENTAL INDENTURE NOT REQUIRING CONSENT OF BONDHOLDERS.

Subject to the conditions and restrictions in this Indenture contained, the Issuer, when the adoption and execution thereof is consented to in writing by the Trustee, may, without the consent of the Bondholders, adopt and execute a Supplemental Indenture or Supplemental Indentures which thereafter shall form a part of this Indenture, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Issuer in this Indenture contained other covenants and agreements thereafter

to be observed, and to surrender any right or power in this Indenture reserved to or conferred upon the Issuer;

(b) to modify any of the provisions of this Indenture or relieve the Issuer from any of the obligations, conditions or restrictions in this Indenture contained; provided that no such modification shall be or become operative or effective which shall adversely affect the rights of the Bondholders or the Trustee;

(c) to cure any ambiguity or to cure, correct or supplement any inconsistent provision contained in this Indenture or in any Supplemental Indenture;

(d) to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the Bondholders;

(e) to evidence the appointment of a successor Trustee or Paying Agent hereunder; and

(f) to subject to this Indenture additional revenues, properties or collateral;

and the Issuer hereby covenants that it will perform all of the requirements of any such Supplemental Indenture which may be in effect from time to time; but no restriction or obligation imposed by this Indenture upon the Issuer in respect of any of the Bonds outstanding under this Indenture may, except as otherwise provided in Section 13.03 of this Indenture, be waived or modified by such Supplemental Indenture, or otherwise. Nothing in this Article XIII contained shall affect or limit the right or obligation of the Issuer to execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

#### SECTION 13.02 APPROVAL OF SUPPLEMENTAL INDENTURE BY TRUSTEE.

The Trustee is hereby authorized to approve any Supplemental Indenture authorized or permitted by the terms of this Indenture, and to approve the further agreements and stipulations which may be therein contained, and the Trustee, in approving any Supplemental Indenture, shall be fully protected in relying on an Opinion of Bond Counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture and is not inconsistent with this Indenture.

#### SECTION 13.03 MODIFICATION WITH CONSENT OF BONDHOLDERS.

Exclusive of Supplemental Indentures covered by Section 13.01 hereof, any modification or alteration of this Indenture or of the rights and obligations of the Issuer or of the holders of the Bonds and coupons in any particular may be made with the consent of the Corporation and (a) the holders of not less than 67 percent in aggregate principal amount of the Bonds then outstanding, and (b) in case less than all of the several Series of Bonds then outstanding are affected by the modifications or amendments, the holders of not less than 67 percent in aggregate principal amount of the Bonds of each Series so affected

then outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding Bonds under this Section 13.03. Nothing in this Section 13.03 contained shall permit, or be construed which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to, or, except to secure additional bonds, on a parity with, the lien of the Indenture upon the receipts and revenues of the Issuer from or in connection with the lease of the Project or which will affect the times, amounts and currency of payment of the principal of, the interest on, or the premium (if any) on, said bonds.

For the purposes of this Indenture, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Issuer and all the holders of Bonds.

For all purposes of this Article XIII, the Trustee shall be entitled to rely upon an Opinion of Bond Counsel with respect to the extent, if any, to which any action affects the rights under this Indenture of any holders of Bonds then outstanding.

#### SECTION 13.04 CONSENT BY CORPORATION REQUIRED.

Anything herein to the contrary notwithstanding, and if the Corporation is not in default under the Lease at such time, a Supplemental Indenture under this Article XIII shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Issuer shall cause notice of the proposed execution and delivery of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the Corporation and received by the Corporation at least 30 days prior to the proposed date of execution and delivery of any such Supplemental Indenture. The Corporation shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Issuer does not receive a letter, telegram, or other written, printed, photocopy or telecopy notice of protest or objection thereto signed by or on behalf of the Corporation on or before 4:30 o'clock p.m., Portland, Oregon time, of the thirtieth day after the receipt by the Corporation of said notice and a copy of the proposed Supplemental Indenture.

### ARTICLE XIV.

#### Discharge of Indenture

#### SECTION 14.01 INDENTURE DISCHARGED UPON PAYMENT OF BONDS.

If and when the Bonds secured hereby become due and payable in accordance with their terms or through redemption proceedings as provided in this Indenture, or otherwise, and the whole amount of the principal, redemption premium (if

any) and the interest so due and payable upon all of the Bonds has been paid, or provision has been made for the payment of the same, together with all other sums payable under this Indenture to the Issuer and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds and all Administration Expenses have been paid or provided for, then and in that case, the right, title and interest of Trustee and of all Bondholders under this Indenture shall thereupon cease, terminate and become void, and Trustee shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by Trustee (including all payments under the Lease and all balances in any fund created under this Indenture) and shall execute such satisfactions of mortgage deeds and other documents as may be reasonably required by the Corporation under Section 8.04 of the Lease.

When all or a portion of the Bonds of a particular Series and the coupons appertaining thereto shall have been paid and if, at the time of such payment, the Issuer shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by the Issuer or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds of a particular Series and the coupons appertaining thereto and such Bonds and coupons shall cease to be entitled to the lien of this Indenture.

If and when Trustee shall hold sufficient moneys under this Indenture to provide for payment of the whole amount of the principal, premium, if any, and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other sums payable or which may thereafter become payable under this Indenture by the Issuer, or which may be required to pay Administration Expenses, notwithstanding that all the Bonds and coupons have not yet become due and payable and that consequently the right, title and interest of Trustee under this Indenture shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 14.01, Trustee, on demand of the Corporation, shall assign and transfer to or upon the order of the Corporation all property and interest therein (in excess of the amounts required for the foregoing) then held by Trustee (including the Lease and all payments thereunder and all balances in any fund created under this Indenture) and shall execute such satisfactions of mortgage, deeds and other documents as may be reasonably required by the Corporation under Section 8.04 of the Lease.

#### SECTION 14.02 BONDS DEEMED PAID.

Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been held by the Trustee at the maturity or redemption date thereof shall be deemed to be paid within the meaning and with the effect expressed in this Section 14.02. All outstanding Bonds of any one or more Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section 14.02 if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 8.03 hereof, (b) there shall have been deposited with Trustee either moneys in an amount which shall



be sufficient, or Governmental Obligations, which shall not contain provisions permitting the redemption thereof at the option of the obligor, the principal of and the interest on which, when due and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by Trustee at the same time, shall be sufficient to pay when due the principal of and redemption premium, if any, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given Trustee in form satisfactory to it irrevocable instruction to publish, as soon as practicable in the same manner as a notice of redemption is published pursuant to Section 8.03 hereof, a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section 14.02 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds. Neither the Governmental Obligations nor moneys deposited with the Trustee pursuant to this Section 14.02 nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, and interest on said Bonds; provided, that any cash received from such principal or interest payments on such Government Obligations deposited with Trustee, if not then needed for such purpose, shall, as permitted by Section 103(c) of the Internal Revenue Code of 1954, as amended, and to the extent practicable, be reinvested in Governmental Obligations maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by Trustee, free and clear of any trust, lien or pledge.

Any release under this Section 14.02 shall be without prejudice to the right of the Issuer and Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts by this Indenture created and the performance of its powers and duties under this Indenture.

## ARTICLE XV.

### Miscellaneous

#### SECTION 15.01 INDENTURE TO INURE TO SUCCESSORS OF ISSUER.

In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

#### SECTION 15.02 LIMITATION OF RIGHTS.

2337

Except as in this Indenture otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Corporation, the Issuer, the Trustee and the holders of the Bonds and coupons issued under this Indenture, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Corporation, the Issuer, the Trustee and the holders of the Bonds and coupons issued under this Indenture.

#### SECTION 15.03 SEVERABILITY.

In case any one or more of the provisions of this Indenture or of the Bonds or coupons issued under this Indenture shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds or coupons, and this Indenture and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

#### SECTION 15.04 MEMBER, AGENTS AND EMPLOYEES OF ISSUER EXEMPT FROM LIABILITY.

No covenant or agreement contained in the Bonds or coupons or in this Indenture shall be deemed to be the covenant or agreement of any Commissioner, agent, or employee of the Issuer in his individual capacity, and neither the Commissioners of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or coupons or be subject to any personal liability or accountability by reason of the issuance thereof.

#### SECTION 15.05 NOTICES.

All notices, certificates, requests or other communications under this Indenture shall be sufficiently given and shall be deemed given, unless otherwise required by this Indenture, when mailed by first class mail (except as otherwise provided in this Indenture), postage prepaid, addressed as follows:

If to the Issuer:

The Economic Development Commission  
c/o The Department of Economic Development  
155 Cottage Street, N.E.  
Salem, Oregon 97310  
Attn: Executive Director

If to the Corporation:

Klamath Medical Service Bureau  
P.O. Box 5016  
Klamath Falls, Oregon 97601  
Attn: Executive Director

If to the Trustee:

2938

First National Bank of Oregon  
1300 S.W. Fifth Avenue  
P.O. Box 2971  
Portland, Oregon 97208  
Attn: Corporate Trust, T-10

If to the Major Bondholder:

First National Bank of Oregon  
P.O. Box 608  
Klamath Falls, Oregon 97601  
Attn: Manager

A duplicate copy of each notice, certificate, request or other communication given under this Indenture to the Issuer, the Corporation, the Major Bondholder or the Trustee shall also be given to the others. The Corporation, the Issuer and the Trustee may, by notice given under this Section 15.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

#### SECTION 15.06 PAYMENTS DUE ON SUNDAYS AND HOLIDAYS.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of payment a Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

#### SECTION 15.07 CAPTIONS.

The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles or Sections of this Indenture.

#### SECTION 15.08 BOND FORM.

The Series XL Bonds to be issued under this Indenture are to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture:

## [FORM OF SERIES XL BOND]

UNITED STATES OF AMERICA  
 ECONOMIC DEVELOPMENT REVENUE BONDS  
 STATE OF OREGON  
 SERIES XL

(KLAMATH MEDICAL SERVICE BUREAU)

No. R-\_\_\_\_\_

\$\_\_\_\_\_

The State of Oregon (the "Issuer"), acting by and through its Treasurer and its Economic Development Commission, for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, May 1, 19\_\_, upon the presentation and surrender hereof, the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), solely from the revenues and receipts of the Issuer from or in connection with the lease of the Project hereinafter referred to as provided in the Indenture hereinafter referred to and to pay solely from such revenues and receipts interest on the principal sum from the date hereof, at the rate of nine and 86/100 percent (9.86%) per annum, until the payment of the principal sum, such interest being payable on May 1 and November 1 in each year (commencing May 1, 1981) but only in the case of interest payable at or prior to the maturity of this bond. The principal of and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal corporate trust office of First National Bank of Oregon, the Trustee hereinafter mentioned, or at the office designated for such payment of any successor thereof. The interest on this bond, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the bond register.

This bond is one of a duly authorized issue of bonds of the Issuer designated as "Economic Development Revenue Bonds, Series XL (Klamath Medical Service Bureau Project)" (the "Series XL Bonds"), issued in the aggregate principal amount of \$1,180,000 under and pursuant to the Constitution and laws of the State of Oregon, particularly Oregon Revised Statutes 280.310 through 280.390, both as amended (collectively the "Act"), and under and secured by an Indenture duly executed and delivered by the Issuer as of February 1, 1981 (the "Indenture") to First National Bank of Oregon as Trustee (the "Trustee"). The Series XL Bonds are issued for the purpose of financing a portion of the cost of the acquisition, construction, installation and equipping of certain industrial development facilities of Klamath Medical Service Bureau (the "Corporation") located in Klamath Falls, Oregon and leased to the Corporation under and pursuant to a Lease Agreement between the Issuer and the Corporation dated as of February 1, 1981 (hereinafter, together with any amendments thereof, called the "Lease"). Payment of principal and interest on the Bonds has been unconditionally guarantied by the Corporation pursuant to a Guaranty Agreement, dated as of February 1, 1981 (the "Guaranty") entered into by the Corporation,

as guarantor, and the Trustee for the benefit of the holders and owners of the Bonds. The Bonds are additionally secured by a mortgage of the Project from the Issuer to the Trustee. As provided in the Indenture, additional bonds may be issued in one or more series for the purpose of financing the cost of completion of said facilities, the cost of enlargements, improvements or expansions of said facilities, and the cost of acquisition and installation of additional industrial development facilities (such facilities, together with any enlargements, improvements or expansions thereof, and any such additional facilities herein collectively called the "Project").

Copies of the Indenture, the Lease and the Guaranty are on file at the principal corporate trust office of the Trustee and reference is made to the Indenture (and all indentures supplementary thereto and amendatory thereof), the Lease and the Guaranty for the provisions relating, among other things, to the terms and security of the Series XL Bonds, the collection and disposition of the revenues and receipts of the Issuer from or in connection with the lease of the Project, the custody and application of the proceeds of the Series XL Bonds, the rights and remedies of the holders of the Series XL Bonds, the rights, duties and obligations of the Issuer, the Corporation and the Trustee, and the modification or amendment of any of the foregoing documents.

The Series XL Bonds and any additional bonds issued under and secured by the Indenture, are and will be equally and ratably secured, to the extent provided in the Indenture, solely by the pledge of the revenues and receipts derived by the Issuer from or in connection with the lease of the Project, including payments received under the Lease and the Guaranty, proceeds of the Series XL Bonds and income earned by the investment of funds under the Indenture. The Series XL Bonds, including the interest thereon, are limited obligations of the State of Oregon payable solely from the revenues and receipts derived by the State of Oregon from or in connection with the Project and pledged pursuant to the Indenture. The Bonds and the interest thereon shall not constitute a lending of credit within the meaning of any constitutional or statutory limitation or general debts, liabilities or obligations of the State of Oregon or of any political subdivision of the State of Oregon and neither the State of Oregon nor any political subdivision shall be liable thereon. The holder of this bond shall not have the right to compel any exercise of the taxing power of the Issuer to pay this bond or the interest thereon. This bond shall not in any manner or to any extent be a general obligation of the Issuer nor a charge upon the tax revenues of the Issuer nor a charge upon any other revenues or property of the Issuer not specifically pledged thereto by the Indenture. Neither the faith and credit nor the taxing power of the Issuer or any political subdivision thereof is pledged to the payment of the Series XL Bonds.

The Series XL Bonds are issuable in the form of registered bonds without coupons in the denominations of \$1,000 or any integral multiple of \$1,000. Subject to the conditions and upon the payment of the charges provided in the indenture, the owner of any registered Series XL Bond may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing), in exchange for an equal aggregate principal amount of registered Series XL Bonds of the same maturity and of any other authorized denominations. Coupon Series XL Bonds may not be issued.

The transfer of this bond is registrable, as provided in the Indenture, upon the bond register kept for that purpose at the above mentioned office of

the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Series XL Bonds maturing before May 1, 1987, are not subject to optional redemption before their stated dates of maturity. Series XL Bonds maturing on or after May 1, 1987, may be redeemed before maturity, in whole or in part, on May 1, 1986, or on any interest payment date thereafter, in integral multiples of \$1,000, upon payment of 102 percent of the principal amount of the Series XL Bonds to be redeemed together with all unpaid interest accrued to the date fixed for redemption.

The Series XL Bonds are subject to mandatory redemption in whole on any date within six months from the Trustee's receipt of notice of a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest paid or payable on all or any portion of the Series XL Bonds held by a holder or former holder thereof is includable in the gross income of such holder or former holder (other than a holder who is a "substantial user" of the Project or a "related person" as such terms are defined in the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, as a result of (i) any ruling or regulation of the Internal Revenue Service or the United States Treasury; (ii) any final decree, or judgment or determination by a court of competent jurisdiction in the United States; (iii) any amendment to the Internal Revenue Code of 1954, as amended; or (iv) the Project failing to qualify as a tax exempt "small issue" industrial development revenue bond project. The Series XL Bonds so redeemed shall bear interest at the maximum rate allowed by law but not to exceed 18.5 percent per annum from the date which the interest paid or payable on the Series XL Bonds is actually includable in the gross taxable income of the holder or holders of the Series XL Bonds (other than a holder who is a "substantial user" of the Project or a "related person" as such terms are defined in the Internal Revenue Code of 1954, as amended) until the date paid, all in the manner and upon the terms and conditions as provided in the Indenture.

If less than all the Series XL Bonds are called for redemption, the particular Series XL Bonds to be redeemed shall be selected in inverse numerical order by the Trustee. Any such redemption, either in whole or in part, shall be made upon at least 30 days' and no more than 60 days' prior notice in the manner and upon the terms and conditions provided in the Indenture. If this bond or any portion hereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Indenture, interest on this bond or such portion shall cease to accrue from such date, and from and after such date this bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture and the holder hereof shall have no rights in respect of this



bond or such portion except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee's certificate of authentication hereon.

No covenant or agreement contained in this bond or the Indenture shall be deemed to be a covenant or agreement of any commissioner or employee of the Issuer in his individual capacity, and no commissioner or officer of the Issuer executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

To the extent permitted by and as provided in the Indenture, modifications or alterations of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the holders of the bonds in any particular may be made with the consent of the Corporation and (a) the holders of not less than 67 percent in aggregate principal amount of the bonds then outstanding under the Indenture, and (b) in case less than all of the several series of bonds then outstanding are affected by the modifications or amendments, the holders of not less than 67 percent in aggregate principal amount of the bonds of each series so affected then outstanding; provided, however, that if such modification or amendment, by its terms will not take effect as long as any bonds of any specified series remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Indenture; provided, further, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of bonds the consent of the holders of which is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to or, except to secure additional bonds, on a parity with, the lien of the Indenture upon the receipts and revenues of the Issuer from or in connection with the lease of the Project or which will affect the times, amounts and currency of payment of the principal of and the interest on said bonds. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether or not any notation of such consent is made upon this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the Issuer has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Governor and Secretary of State and by the manual signature of the State Treasurer or his Deputy and its seal or a facsimile thereof to be impressed,

imprinted or otherwise reproduced hereon of such officers as of the first day  
of \_\_\_\_\_, 19\_\_.

## THE STATE OF OREGON

By: \_\_\_\_\_  
Governor

By: \_\_\_\_\_  
Secretary of State

By: \_\_\_\_\_  
Deputy State Treasurer

2344

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION ON SERIES XL BONDS]  
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Economic Development Revenue Bonds, Series XL  
(Klamath Medical Service Bureau Project) described in the within mentioned  
Indenture.

FIRST NATIONAL BANK OF OREGON,  
TRUSTEE

By: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, Issuer has caused these presents to be signed in its name and behalf by one of its officers Issuer and its corporate seal to be hereunto affixed and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf by one of its Trust Officers, all as of the first day of February, 1981.



[seal]

THE STATE OF OREGON  
acting by and through its  
ECONOMIC DEVELOPMENT COMMISSION

By: Kenneth W. Helf  
Chairman of the Economic Development  
Commission

FIRST NATIONAL BANK OF OREGON,  
Trustee

By: D. Bush

Title: TRUST OFFICER

## EXHIBIT A

## DESCRIPTION OF THE PROJECT

The Project will consist of a corporate headquarters office building of approximately 17,000 square feet and the Project includes the land described in Exhibit B.



## EXHIBIT B

## DESCRIPTION OF LAND

The industrial development facilities described in Exhibit A will be located at the following described land situated in the State of Oregon, County of Klamath:

Lots 1 and 2 in Block 1 of Tract No. 1163, Campus View, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

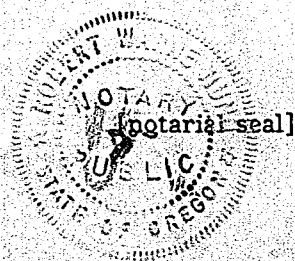


2948

State of Oregon )  
 County of Clackamas ) ss

On this 13<sup>th</sup> day of February, 1981, Kenneth W Self, known to me to be the Chairman of the Economic Development Commission, personally appeared before me, a Notary Public in and for the State of Oregon, and, being a duly authorized person, executed the foregoing instrument on behalf of the Economic Development Commission and, upon oath, did depose and say that he is the Chairman of the Economic Development Commission; that the signature on the instrument is his signature; and that the Economic Development Commission executed the instrument freely and voluntarily and for the uses and purposes therein mentioned.

Robert Warner Nunn  
 Notary Public for the State of Oregon  
 My Commission Expires: 3/20/81



State of Oregon )  
 County of MULTNOMAH ) ss

On this 12TH day of February, 1981, S. BUSKIRK personally appeared before me, a Notary Public in and for the State of Oregon, S. BUSKIRK, known to me to be a trust officer of the First National Bank of Oregon, and being a duly authorized person executed the foregoing instrument on behalf of said Bank and, upon oath, did depose and say that he is an officer of the Bank and that the seal affixed to the instrument is the seal of the Bank; that the signature on the instrument was made by the officers of the Bank as indicated after the signature; and that the Bank executed the instrument freely and voluntarily and for the uses and purposes therein mentioned.



Janet E. Arnold  
 Notary Public for the State of Oregon  
 My Commission Expires: 7/4/84

State of OREGON: COUNTY OF KLAMATH: ss.  
 I hereby certify that the within instrument was received and filed for record on the 19th day of February A.D., 1981 at 1:18 o'clock P M., and duly recorded in Vol M81 of Mortgages on page 2878.

Fee \$ 248.50

EVELYN BIEHN  
 COUNTY CLERK

By Lemetha H. Hester Deputy