

GENERAL OBLIGATION WATER RESOURCES FINANCING BONDS  
DECLARATION

1982 Series A-1 through A-9

TREASURER OF THE STATE OF OREGON  
DIRECTOR, WATER RESOURCES DEPARTMENT  
OF THE STATE OF OREGON

DIRECTOR, EXECUTIVE DEPARTMENT  
OF THE STATE OF OREGON

DATED: October 1, 1982

AFTER RECORDING RETURN TO:  
Water Resources Department  
Water Development Loan Program  
Mill Creek Office Park  
555 Thirteenth Street NE  
Salem, Oregon 97310

84 MAR 7 PM 1 48

THIS GENERAL OBLIGATION WATER RESOURCES FINANCING BOND DECLARATION, is made and entered into as of October 1, 1982, by and among the TREASURER OF THE STATE OF OREGON (herein called the "Treasurer"), the DIRECTOR OF THE WATER RESOURCES DEPARTMENT OF THE STATE OF OREGON (herein called the "Director") and the DIRECTOR OF THE EXECUTIVE DEPARTMENT OF THE STATE OF OREGON (herein called "Executive Director"), or their designees, having their principal offices in Salem, Oregon.

W I T N E S S E T H:

WHEREAS, the Treasurer, Director and Executive Director did, on the first day of May, 1981, execute a 1981 Water Resources Bond Indenture (the "Indenture") pertaining to the issuance of bonds, the proceeds of which are to be provided to qualified applicants for the financing of water development projects; and

WHEREAS, the Indenture anticipated the execution of this Declaration after Loan Agreements had been executed between the Director and Borrowers and the Director now possesses 9 such Loan Agreements and it is appropriate to enter into a Declaration to provide, among other things, for the issuance and delivery of bonds, provide for the designation, denominations, methods of numbering, dates, maturity dates, interest payment dates, redemption and pre-payment provisions and places of payment of

principal and interest on such bonds and to determine the amount of reserve accounts to be established for each issue;

NOW, THEREFORE, THIS GENERAL OBLIGATION WATER RESOURCES FINANCING BOND DECLARATION (the "Declaration") WITNESSETH, the Treasurer, Director and Executive Director declare as follows:

#### ARTICLE I

Section 1.01. Definitions. All terms defined in Section 1.01 of the Indenture, dated May 1, 1981, shall have the same meanings, respectively, as when utilized in this Declaration.

#### ARTICLE II

##### AUTHORIZATION, TERMS AND ISSUANCE

Section 2.01. Authorization. In order to provide sufficient funds in accordance with and subject to the terms, conditions and limitations established in the Indenture, the Loan Agreements, and this Declaration, 9 separate Series of Bonds will be issued in the aggregate principal amount of \$1,165,000, in bearer coupon form, without privilege of registration. The Bonds will be numbered consecutively 1 to 233, inclusive.

Section 2.02. Purposes. The purposes for which these bonds are being issued are to provide funds for the making of initial deposits to Water Development Funds and for further distribution from those funds as required by the Indenture.

Section 2.03. Projects. A separate series of Bonds for each Project will be sold to provide financing as required in the Indenture and the Loan Agreements, will bear the Series Number, will mature over a period of years, will be utilized to fund reserve accounts, pay costs, and will be in the principal amounts all as follows:

1982 Series	Borrower	Loan Term Years	Project Costs	Reserve Account	Interest During Con- struction	Cost of Issuance	Principal Amount of Series A
A-1	Production Lands, Inc.	16	\$ 58,000	\$ 11,519	\$ 14,025	\$ 1,456	\$ 85,000
A-2	Grant Brown	16	195,000	38,622	47,025	4,353	285,000
A-3	Crystal Springs Packing Co., Inc.	20	142,500	22,604			
A-4	Paul Simon	15	76,000	13,211	9,900	4,996	180,000
A-5	Ken Spiess	10	7,500	1,500	5,225	564	95,000
A-6	Richard Sharp	15	22,325	4,172	550	450	10,000
A-7	Westland Irrigation District				1,650	1,853	30,000
A-8	Gebhard Orchards	20	209,000	32,650	14,300	4,050	260,000
A-9	Robert L. Harrell	15	30,000	5,563	2,200	2,237	40,000
		26	125,000	21,206	29,700	4,094	180,000

Section 2.04. Date, Maturities and Interest. All Bonds shall be dated October 15, 1982, shall bear interest payable November 1 and May 1 of each year from issue date until maturity or prior call and redemption and shall mature serially in numerical order on November 1 in each year as follows:

	<u>Date</u>	<u>Principal Amount</u>
1982 SERIES A-1	1986	
	1987	\$ 5,000
	1988	5,000
	1989	5,000
	1990	5,000
	1991	5,000
	1992	5,000
	1993	5,000
	1994	5,000
	1995	5,000
	1996	10,000
	1997	10,000
	1998	10,000
TOTAL		<u>10,000</u>
		\$85,000

1982 SERIES A-2	1984	
	1985	\$ 10,000
	1986	10,000
	1987	10,000
	1988	10,000
	1989	15,000
	1990	15,000
	1991	15,000
	1992	15,000
	1993	20,000
	1994	20,000
	1995	25,000
	1996	25,000
	1997	30,000
	1998	30,000
TOTAL		<u>35,000</u>
		\$285,000

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## 1983 SERIES A-3

Date

1984  
1985  
1986  
1987  
1988  
1989  
1990  
1991  
1992  
1993  
1994  
1995  
1996  
1997  
1998  
1999  
2000  
2001  
2002

Principal  
Amount

\$ 5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
10,000  
10,000  
10,000  
10,000  
10,000  
10,000  
15,000  
15,000  
15,000  
15,000  
20,000  
20,000

\$180,000

TOTAL

## 1982 SERIES A-4

1984  
1985  
1986  
1987  
1988  
1989  
1990  
1991  
1992  
1993  
1994  
1995  
1996  
1997

\$ 5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
5,000  
10,000  
10,000  
10,000  
10,000  
10,000  
10,000

\$ 95,000

TOTAL

	<u>Date</u>	<u>Principal Amount</u>
1982 SERIES A-5	1991	\$ 5,000
	1992	<u>5,000</u>
TOTAL		\$ 10,000
1982 SERIES A-6	1992	\$ 5,000
	1993	5,000
	1994	5,000
	1995	5,000
	1996	5,000
	1997	<u>5,000</u>
TOTAL		\$ 30,000
1982 SERIES A-7	1984	\$ 5,000
	1985	5,000
	1986	5,000
	1987	5,000
	1988	5,000
	1989	10,000
	1990	10,000
	1991	10,000
	1992	10,000
	1993	10,000
	1994	15,000
	1995	15,000
	1996	15,000
	1997	20,000
	1998	20,000
	1999	20,000
	2000	25,000
	2001	25,000
	2002	<u>30,000</u>
TOTAL		\$260,000



	<u>Date</u>	<u>Principal Amount</u>
1982 SERIES A-8	1990	\$ 5,000
	1991	5,000
	1992	5,000
	1993	5,000
	1994	5,000
	1995	5,000
	1996	5,000
	1997	<u>5,000</u>
TOTAL		\$ 40,000
1982 SERIES A-9	1989	\$ 5,000
	1990	5,000
	1991	5,000
	1992	5,000
	1993	5,000
	1994	5,000
	1995	5,000
	1996	5,000
	1997	5,000
	1998	5,000
	1999	10,000
	2000	10,000
	2001	10,000
	2002	10,000
	2003	10,000
	2004	15,000
	2005	15,000
	2006	15,000
	2007	15,000
	2008	<u>20,000</u>
TOTAL		\$180,000

## ARTICLE III

## REDEMPTION PROVISIONS

Section 3.01. Optional Redemption. The Bonds of each series maturing after November 1, 1992 shall be subject to redemption in whole or in part, at the option of the State prior to their respective maturities on any interest payment date on or after November 1, 1992, at the respective redemption prices (expressed as a percentage of each Bond or portion thereof to be redeemed) set opposite the periods in the following table, plus interest accrued to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price (expressed as a percentage)</u>
November 1, 1992 or May 1, 1993	103 %
November 1, 1993 or May 1, 1994	102 1/2%
November 1, 1994 or May 1, 1995	102 %
November 1, 1995 or May 1, 1996	101 1/2%
November 1, 1996 or May 1, 1997	101 %
November 1, 1997 or May 1, 1998	101 1/2%
November 1, 1998 and thereafter	100 %

When any redemption is made pursuant to any of the provisions of an Indenture and less than all of the Outstanding Bonds of the affected series are to be redeemed, the Bonds shall be redeemed in inverse order of maturities, and by lot within the same maturity.

Section 3.02. Mandatory Redemption. The Bonds shall be redeemed prior to maturity, as a whole, but not in part, as

provided by Section 4.01 of the Indenture, when the Borrower exercises his right to prepay the loan payments, as a whole, but not in part, if and when any of the following shall have occurred.

(i) the Project or buildings, equipment or machinery used by the Borrower on the site of the Project shall have been damaged or destroyed to such extent that, in the opinion of the Borrower, (a) it is not practicable to rebuild, repair or restore the Project within a period of four consecutive months following such damage or destruction, (b) it is or will be thereby prevented from carrying on its normal operations for a period of four consecutive months, or (c) the cost of restoration thereof would substantially exceed the net proceeds of insurance carried thereon;

(ii) title to, or the temporary use of, all or substantially all of the Project or the site of the Project shall have been taken under the exercise of the power of eminent domain, including such a taking as results, or is likely to result, in the Borrower being prevented from carrying on normal operations for a period of four months or renders the Project (or the site of the Project) unsuitable for use by the Borrower;

(iii) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower, including, without

limitations, Federal, state or other ad valorem property income or other taxes not being imposed on the date of the Agreement, or any court or administrative body shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at the site of the Project to such extent that, in the opinion of the Borrower (expressed in a Certificate filed with the Director), it is or will be thereby prevented from carrying on its normal operations for a period of four consecutive months; or

(iv) changes shall have occurred which make the continued operation of the facility in which the Project is installed uneconomical in the opinion of the Borrower (expressed in a Certificate filed with the Director) and which shall have resulted in a cessation of all or substantially all of its normal operations either of such Project or facility. The Borrower shall be required to prepay the loan payments in full, without premium or penalty, and the Bonds shall be redeemed if and when any of the following have occurred:

(i) if and when as a result of any changes in the Constitution of the United States of America or the Oregon Constitution or as a result of any legislative, judicial or administrative action, this Agreement shall have become void or unenforceable or impossible of performance in accordance

with the intention and purposes of the parties hereto, or shall have been declared unlawful; or

(ii) if, due to the untruth or inaccuracy of any representation or warranty made by the Borrower herein or in connection with the offer and sale of the Bonds, or the breach of any covenant or warranty of the Borrower contained in this Agreement, or for any other reason, interest on the Bonds, or any of them, is determined to be includable in the gross income for federal income tax purposes of the holders thereof (other than a holder who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) by a final administrative determination of the Internal Revenue Service or judicial decision of a court of competent jurisdiction in a proceeding of which the Borrower received notice and was afforded an opportunity to participate in the full extent permitted by law. A determination or decision will be considered final for this purpose when all periods for administrative and judicial review have expired.

(iii) the Project is refinanced or financial assistance is obtained from other sources after execution of the Supplemental Loan Agreement.

## ARTICLE IV

## FORM OF BONDS AND COUPONS

Section 4.01. Form of Bond. The form of bonds and coupons for each series of Bonds shall be in substantially the following form, the terms of which are incorporated herein.

UNITED STATES OF AMERICA  
STATE OF OREGON  
GENERAL OBLIGATION WATER RESOURCES FINANCING BONDS

1982 SERIES A-\_\_\_\_

\_\_\_\_\_  
\$5,000

KNOW ALL MEN BY THESE PRESENTS, that the State of Oregon, acknowledges itself indebted and for value received hereby promises to pay to bearer on the first day of November, 19\_\_\_\_, the sum of

FIVE THOUSAND DOLLARS

with interest thereon from the date hereof at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, on the first day of May and the first day of November in each year until maturity, commencing May 1, 1983, upon the surrender of the annexed interest coupons as they severally mature. The principal of and the interest upon this Bond are payable in lawful money of the United States of America, at the office of the fiscal agency of the State of Oregon, in the City and State of New York, and in any coin or currency which, at the time of payment is legal tender for the payment of public and private debts within the United States of America.

This Bond is one of an authorized series of Bonds of the Issuer issued under and equally and ratably secured and entitled to the protection given by an Indenture, referred to herein as the Indenture, and a Bond Declaration, referred to herein, both executed by the Treasurer of the State of Oregon ("Treasurer"), the Director of the Department of Water Resources of the State of Oregon ("Director") and the Director of the Executive Department of the State of Oregon ("Executive Director"), copies of which are on file in the offices of the signators thereto, including all indentures or declarations supplemental thereto, to which

reference is hereby made for a statement of the nature and extent of the security, the rights of the signators and the Bondholders, and the terms upon which the Bonds are issued and secured. 1982 Series A Bonds are issued by the Issuer for the purpose of loaning money to water developers ("Borrowers") to finance water development projects secured by mortgages or security agreements or both, and costs and expenses incidental thereto.

The full faith and credit of the State of Oregon hereby are irrevocably pledged to the punctual payment of the interest on and the principal of this Bond as the same become due and payable.

**OPTIONAL REDEMPTION:** The Bonds of each series maturing after November 1, 1992 shall be subject to redemption in whole or in part, at the option of the State prior to their respective maturities on any interest payment date on or after November 1, 1992, at the respective redemption prices (expressed as a percentage of each Bond or portion thereof to be redeemed) set opposite the periods in the following table, plus interest accrued to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price (expressed as a percentage)</u>
November 1, 1992 or May 1, 1993	103 %
November 1, 1993 or May 1, 1994	102 1/2%
November 1, 1994 or May 1, 1995	102 %
November 1, 1995 or May 1, 1996	101 1/2%
November 1, 1996 or May 1, 1997	101 %
November 1, 1997 or May 1, 1998	101 1/2%
November 1, 1998 and thereafter	100 %

**MANDATORY REDEMPTION:** The Bonds shall be redeemed prior to maturity, as a whole, but not in part, as provided by Section 4.01 of the Indenture, when the Borrower exercises his right to prepay the loan payments, as a whole, but not in part, if and when any of the following shall have occurred.

- (i) the Project or buildings, equipment or machinery used by the Borrower on the site of the Project shall have been damaged or destroyed to such extent that (a) it is not practicable to rebuild the Project within a period of four consecutive months following such damage or destruction, (b) it is or will be thereby prevented from carrying on its normal operations for a period of four consecutive months, or (c) the cost of restoration thereof would substantially

exceed the net proceeds of insurance carried thereon;

(ii) title to, or the temporary use of, all or substantially all of the Project or the site of the Project shall have been taken under the exercise of the power of eminent domain;

(iii) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower to such extent that it is prevented from carrying on its normal operations for a period of four consecutive months; or

(iv) changes shall have occurred which make the continued operation of the facility in which the Project is installed uneconomical.

The Borrower shall be required to prepay the loan payments in full, without premium or penalty, and the Bonds shall be redeemed if and when any of the following have occurred:

(i) the Loan Agreement shall have become void or unenforceable or impossible of performance or shall have been declared unlawful; or

(ii) interest on the Bonds, or any of them, is determined to be includible in the gross income for federal income tax purposes of the holders thereof (other than a holder who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) by a final administrative determination of the Internal Revenue Service or judicial decision of a court of competent jurisdiction; or

(iii) the Project is refinanced or financial assistance is obtained from other sources after execution of the Supplemental Loan Agreement.

Notice of redemption shall be given by the Treasurer by publication at least once prior to the redemption date in a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in Portland, Oregon, and in a similar newspaper or journal of general circulation in New York, New York, each such publication to be not less than 30 nor more than 60 days before such redemption date. Each notice of redemption shall state the redemption date, the place of redemption, the source of funds to be used for such redemption, and principal amount and, if less than all, the numbers of the Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated



for redemption shall cease to accrue from and after such redemption date and that on such date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed and interest accrued thereon to the redemption date.

If less than all of the Bonds of any series are called for redemption, under the Indenture or Declaration, the Treasurer shall select the Bonds to be redeemed, from the Outstanding Bonds of such series not previously called for redemption, in inverse order of maturity, and within any maturity by lot.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or the Declaration or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture or the Declaration. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture or the Declaration, the principal of all Outstanding Bonds may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture or the Declaration, or any indenture or declaration supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture or Declaration.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by Article XI-I of the Oregon Constitution and statutes of the State of Oregon; that the issue of which this Bond is a part, and all other obligations of such state, are within every debt limitation and other limits prescribed by such constitution and statutes; and that the state has provided for the levying annually of a direct ad valorem tax upon all the property within the state so taxable for its purposes, in sufficient amount to pay the interest on and the principal of the bonds of such issue, as required if other revenues are not sufficient, as such obligations respectively become due and payable.

IN WITNESS WHEREOF, the State of Oregon has caused this Bond to be signed by the Governor and by the Secretary of State with their facsimile signatures and by the State Treasurer or Deputy State Treasurer, and imprinted with the seal of the State of

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Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of its said officers, all as of the fifteenth day of October, 1982.

(facsimile)

Governor

(facsimile)

Secretary of State

(Deputy) State Treasurer

(SEAL)

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Section 4.02. Form of Coupon.

Unless the bond hereinafter designated shall have been called for previous redemption and due provision made for the payment thereof,

THE STATE OF OREGON

will pay the bearer the amount shown hereon at the fiscal agency of the State of Oregon in the City and State of New York, in any coin or currency which, at the time of payment is legal tender for the payment of public and private debts within the United States of America, for six months' interest then due on its General Obligation Water Resources Financing Bonds, 1982 Series A-\_\_.

\_\_\_\_\_  
(Deputy) State  
Treasurer

\_\_\_\_\_  
Secretary of State

\_\_\_\_\_  
Governor

## ARTICLE V

## SALE, EXECUTION AND DELIVERY

Section 5.01. Sale. The Director shall cause to be published the official notice of sale as herein provided in the Daily Journal of Commerce, not later than ten (10) days prior to sale date as stated in the Official Notice of Bond Sale, attached hereto and by this reference incorporated herein as Exhibit A.

Section 5.02. Official Statement. The distribution by the Financial Consultant of the preliminary official statement of the state, dated September 22, 1982, with respect to these Bonds, in the form attached hereto as Exhibit B, is hereby acknowledged and approved.

Section 5.03. Execution. The Bonds are to be executed by the Governor, the Secretary of State and the Deputy State Treasurer in accordance with Section 2.02 of the Indenture.

Section 5.04. Delivery. The Bonds, after execution, shall be delivered to the successful purchaser of the Bonds upon receipt by the Treasurer of the purchase price therefor and upon satisfaction of the conditions contained therein and in the Indenture.

## ARTICLE VI

## ACTION BY TREASURER

Section 6.01. Treasurer's Action. Execution of this Declaration by the signators thereto shall constitute action by

the Treasurer to sell these Bonds as required by Chapter 541, Oregon Revised Statutes.

IN WITNESS WHEREOF, the Treasurer of the State of Oregon, the Director of the Water Resources Department of the State of Oregon and the Director of the Executive Department of the State of Oregon, or their designees, have signed this Declaration all as of the day and year first above written.

TREASURER OF THE STATE OF OREGON

By Clay Myers

DIRECTOR OF THE  
WATER RESOURCES DEPARTMENT  
THE STATE OF OREGON

By James H. Sexson

DIRECTOR OF THE EXECUTIVE DEPARTMENT  
OF THE STATE OF OREGON

By Don Zunker for  
Bob Smith

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AFTER RECORDING RETURN TO:

Water Resources Department  
Water Development Loan Program  
Mill Creek Office Park  
555 Thirteenth Street NE  
Salem, Oregon 97310

STATE OF OREGON: COUNTY OF KLAMATH:ss

I hereby certify that the within instrument was received and filed for record on the 7th day of March, A.D., 1984 at 1:40 o'clock P. M. and duly recorded in Vol. 1004, of Mortgages on page 3413.

EVELYN BLENN, COUNTY CLERK

Fee \$ 24.00

by Pam Smith Deputy