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1981 WATER RESOURCES BOND INDENTURE

THE STATE OF OREGON

DATED: May 1, 1981

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

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THIS 1981 INDENTURE, made and entered into as of May 1, 1981, by the TREASURER OF THE STATE OF OREGON, (herein called the "Treasurer"), the DIRECTOR OF THE DEPARTMENT OF WATER RESOURCES 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"), having their principal offices in Salem, Oregon.

W I T N E S S E T H :

WHEREAS, the Treasurer has full power to contract, to borrow money and to issue Bonds in accordance with Chapter 246, Oregon Laws 1977, codified as ORS 541.700 et seq., (herein called the "Act"), and desires to provide further procedures for the issuance of Water Resources Bonds (herein called the "Bonds"), in an aggregate principal amount not limited except as hereinafter provided, for the purposes hereinafter set forth;

WHEREAS, on May 1, 1979, the parties hereto executed an Indenture by which their respective duties and responsibilities for issuance of Bonds were established, and under which Bonds were issued;

WHEREAS, certain persons (herein called the "Borrowers" or "Borrower") have duly filed applications with the Department of Water Resources for financial assistance to develop water projects as defined by the Act;

WHEREAS, the Treasurer, after due investigation and deliberation, has or will approve the sale of such Bonds to provide funds for the construction, acquisition and installation of water projects (herein called "Project" or "Projects"), which are designed to accomplish the purposes of the Act;

WHEREAS, the Director has duly entered, or will enter, into loan agreements with the Borrowers specifying the terms and conditions of the construction, acquisition and installation of Projects by the Borrowers and the payment by the Borrowers of amounts designed to be sufficient for the payment of the principal of and premium, if any, and interest on the Bonds;

WHEREAS, in order to provide for the issuance and delivery of the Bonds from time to time in such series as may be established by the Treasurer, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the parties have authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Treasurer and duly issued, the valid, binding and legal obligations of the State of Oregon, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS 1981 INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Treasurer, Director and Executive Director covenant and agree, for the equal and proportionate benefit of the respective holders from time to time of the Bonds and coupons, as follows:

# ARTICLE I DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this 1981 Indenture, Declarations adopted pursuant to this Indenture, and of any indenture supplemental hereto, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Act" means Chapter 246, Oregon Laws 1977, codified as ORS 541.700 et seq., as amended to the date hereof.

"Agreement" or "Loan Agreement" means the Loan Agreement or Supplemental Loan Agreement between the Director and the Borrowers relating to Projects as filed with the Executive Director and as evidenced by Declarations or Indentures supplemental hereto.

"Articles," "Sections" and other subdivisions of this Indenture; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

"Bonds" means the State of Oregon Water Resources Bonds, unlimited in aggregate principal amount issued or to be issued by the State under the Indenture to finance the Projects authorized under and pursuant to the Act.

"Borrower" means a person who has entered into an Agreement with the Director.

"Certificate of the Director or Treasurer" means a certificate signed by the Director of the Department or the Treasurer or their designees who are specifically authorized by a resolution or order to sign such a document on its behalf. If and to the extent required by the provisions of Section 1.02, each Certificate shall include the statements provided for in Section 1.02.

"Declaration" means a Declaration executed by the Treasurer, Director and Executive Director authorizing the sale of Bonds pursuant to the Act or this Indenture.

"Department" means the Water Resources Department of the State of Oregon.

"Director" means the Director of the Water Resources Department of the State of Oregon.

"Excess Proceeds Account" means the Excess Proceeds Account established by Section 5.06 hereof.

"Executive Director" means the Director of the Executive Department of the State of Oregon.

"Financial Newspaper or Journal" includes the Daily Journal of Commerce, The Wall Street Journal and The Daily Bond Buyer, and any other newspaper or journal containing financial news and selected by the Treasurer, whose decision shall be final and conclusive.

"Holder" or "Bondholder," means the bearer of such Bonds or coupons.

"Indenture" or "1981 Indenture" means this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

"Investment Securities" means any investments in which the State may by law invest.

"Opinion of Counsel" means a written opinion of counsel selected by the Director and acceptable to the Executive Director and the Treasurer. If and to the extent required by the provisions of Section 1.03, each Opinion of Counsel shall include the statements provided for in Section 1.03.

"Outstanding," when used with reference to Bonds means all Bonds theretofore delivered by the Treasurer under this Indenture except:

(a) Bonds theretofore cancelled by the Treasurer or surrendered to the Treasurer for cancellation;

(b) Bonds for the payment or redemption of which money or securities in the necessary amount shall have theretofore been deposited with the Treasurer, whether upon or prior to the maturity or the redemption date of such Bonds, provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provisions satisfactory to the Treasurer shall have been made for the giving of such notice; and

(c) Bonds in lieu of, or in substitution for which, other Bonds shall have been delivered by the Treasurer pursuant to the terms of Section 2.05.

"Paying Agent" means the fiscal agency of the State of Oregon in the City and State of New York, or such other agent authorized by law.

"Person" means an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof, or other entity authorized by law to borrow money for a Project.

"Project" means the items of machinery, equipment, improvements and all related property set forth in Exhibits attached to the Loan Agreements. The term "Project" also includes all items of machinery, equipment, improvements and related property acquired and installed at any time on the Premises in substitution for or in addition to any of said items of machinery, equipment, improvements or related property referred to in Exhibits attached to the Loan Agreements.

"Responsible officer" of the Treasurer, Director or Executive Director means the Treasurer, Director of the Water Resources Department or Director of the Executive Department of the State of Oregon or any duly appointed deputy thereof.

"Reserve Accounts" means the Reserve Accounts established by Section 5.03.

"Reserve Account Requirement" means an amount for each series as stated in the relevant Declaration.

"Revenues" means all rents, receipts, loan payments and other income, derived by the Department from the sale or lease or other financing of the Project and any income or revenue derived from the investment of any money in any fund or account established pursuant to this Indenture, including all loan payments made by the Borrower pursuant to the Agreement, gifts and monies appropriated by the Legislative Assembly.

"Security Reserve Accounts" means the Security Reserve Accounts established by Section 5.05.

"State" means the State of Oregon.

"Supplemental Indenture" or "Indenture Supplemental Hereto" means any indenture hereafter duly authorized and entered into between the Treasurer, the Director, and the Executive Director in accordance with the provisions of this Indenture.

"Treasurer" means the Treasurer of the State of Oregon.

"Written Consent of the Director or Treasurer," "Written Order of the Director or Treasurer," "Written Request of the Director or Treasurer," and "Written Requisition of the Director or Treasurer" mean, respectively, a written consent, order, request or requisition signed by or on behalf of the Department by its Director, or the Treasurer or their designees who are specifically authorized by a resolution of the Director or Treasurer to sign or execute such a document on its behalf.

"Water Development Administration and Bond Sinking Funds" means the Water Development Administration and Bond Sinking Funds established by Section 5.04.

"Water Development Funds" means the Water Development Fund Accounts established by Section 5.02.

Section 1.02. Interpretation. (A) In this Indenture, unless the context otherwise requires:

(1) the terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture and the term "heretofore" means before, and the term "hereafter" means after, the date of this Indenture;

(2) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(3) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(5) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(6) any publication to be made under the provisions of this Indenture in successive weeks or on successive dates may be made in each instance upon any business day of the week and need not be made in the same Financial Newspaper for any or all of the successive publications but may be made in different Financial Newspapers. If, because of the temporary or permanent suspension of the publication or general circulation of any of the Financial Newspapers or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made shall constitute a sufficient publication of such notice;

(7) words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of said Bond;

(8) references to the Bonds shall include references to the coupons, if any, appertaining thereto and references to the payment of the Bonds shall be deemed to include references to the payment of interest thereon and to the payment of such coupons.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the State and the holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All the coven-

ants, stipulations, promises and agreements herein contained by and on behalf of the State, shall be for the sole and exclusive benefit of the State, the Paying Agents and the holders of the Bonds.

(C) If any one or more of the covenants or agreements provided herein on the part of the State to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

Section 1.03. Content of Certificates and Opinions.

(A) Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (i) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

(B) Any such certificate or opinion made or given by a member or officer of the Director may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by Counsel, unless such officer knows that the certificate or opinion or representations with respect to the matter upon which his certificate or opinion may be based insofar as it relates to factual matters, with respect to which information is in the possession of the Director, upon the certificate or opinion of or representations by a member or officer of the Director, unless such Counsel knows that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II  
TERMS OF BONDS

Section 2.01. Authorization for Indenture. This Indenture and the issuance of Bonds hereunder have been duly authorized

by the State and the principal amount of Bonds that may be issued hereunder is not limited except as provided herein or by law. The Department has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the State in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the purposes of the State under the Act.

Section 2.02. Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the State with the holders of Bonds and shall be deemed to be and shall constitute a contract among the State, and the holders from time to time of the Bonds. The pledges and assignments made hereby and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the State shall be for the equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in this Indenture.

Section 2.03. Obligation of Bonds. This Indenture creates a continuing pledge and lien to secure the full and final payment of the principal and premium, if any, of and interest on the Bonds. The Bonds shall be general obligations of the State payable from the revenues and assets pledged therefor pursuant to this Indenture. The Bonds shall embody an absolute promise to pay the amounts due thereon and that the faith and credit and the taxing power of the State are pledged to the payment of the principal thereof or the interest thereon.

Section 2.04. Authorization of Bonds. In order to provide sufficient funds for the operation of the loan program established by the Act or for the refunding of Bonds, bonds of the State are hereby authorized to be issued from time to time hereunder in one or more series without limitation as to amount except as may be provided by law. No Bonds shall be issued unless they are part of an issue described in a Declaration and until the conditions contained in Section 2.06 or Section 2.07 are satisfied.

Section 2.05. Issuance and Delivery of Bonds. After their authorization by the State, Bonds of a Series may be executed by or on behalf of the State and, upon compliance by the State with the requirements of Section 2.06 and, in the case of Refunding Bonds, Section 2.07, the Bonds shall be delivered.

Section 2.06. Conditions Precedent to Delivery of Bonds.  
 (A) The Bonds of each Series shall be executed by the State for issuance and delivered but only upon the execution of a Declaration, which shall specify:

- (1) the authorized principal amount and designation of such Bonds;
- (2) the purposes for which such Bonds are being issued, which shall be one or more of the following: (i) the making of deposits into the Water Development Funds and Bond Sinking Funds, (ii) the making of deposits in the amounts, if any, required by this Indenture or the Declaration into the Reserve Accounts, (iii) the refunding of any Bonds, (iv) the payment of the administrative costs of the Department, or (v) any combination of the foregoing;
- (3) the dates and maturity dates of such Series of Bonds;
- (4) the interest rates of such Bonds (or the manner of determining such rate or rates) and the interest payment dates therefor;
- (5) the denominations of, and the manner of dating, numbering and lettering, such Bonds;
- (6) the Paying Agents and the places of payment of such Bonds or, subject to the provisions hereof, the manner of appointing and designating the same;
- (7) the redemption prices, if any, of and, subject to the provisions hereof, the redemption terms for such Bonds;
- (8) the amounts and due dates of the mandatory redemption, if any, of any of such Bonds of like maturity;
- (9) provisions for the time, place and manner of sale of such Bonds, as provided in the Act;
- (10) provisions concerning the forms of such Bonds, of the coupons to be attached to the coupon Bonds; and

(11) any other provisions deemed advisable by the State as shall not conflict with the provisions hereof;

(B) The Department shall also require an Opinion of Counsel to the effect that (i) such Declaration has been duly and lawfully executed and approved and is in full force and effect; (ii) this Indenture has been duly and lawfully authorized, executed and delivered by the State and is valid and binding upon, and enforceable against, the State (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (iii) this Indenture creates the valid pledge which it purports to create of the amounts pledged by this Indenture and of monies and securities on deposit in any of the funds and accounts established hereunder, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iv) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Indenture.

Section 2.07. Conditions Precedent to Delivery of Refunding Bonds. (A) In addition to the requirements of Section 2.06, refunding bonds of any Series shall be authorized by the Department and Treasurer only upon adopting a supplemental Declaration which provides for giving due notice of the payment or redemption of all the Bonds to be refunded and the payment or redemption dates, if any, upon which such Bonds are to be paid or redeemed;

(B) In addition, the Department or Treasurer must find that there are available either (i) monies (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (ii) Investment Securities, the principal of and interest on which when due (without investment thereof), together with the monies (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, will be sufficient to pay when due the applicable principal or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption dates or dates of maturity thereof, which monies or Investment Securities shall be held by the Treasurer.

(C) Except as otherwise provided herein neither Investment Securities nor monies deposited with the Treasurer pursuant to paragraph (B) of this Section or principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than the payment of the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or applicable redemption price of such Bonds, together with such accrued interest. Nothing in this Section, however, is intended to restrict the use of amounts received on account of any portion of the principal or interest on any Investment Securities, deposited pursuant to subsection (B) above, which are in excess of the amounts required to be so deposited in order to provide monies sufficient to pay when due the applicable principal installments or redemption price of the Bonds to be refunded, together with interest on such Bonds, and such excess amounts may be pledged by the State and withdrawn by the State as received and applied to any purpose of the State, free and clear of the lien of the pledge of this Indenture.

### ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.01. Medium of Payment, Denominations, Maturities, Form and Date. (A) 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 within the United States of America.

(B) All Bonds shall be in the denomination of \$5,000 each or in denominations of any whole multiple thereof.

(C) The dates upon which any principal or interest installment with respect to a Series of Bonds is payable shall be stated in the Declaration.

(D) Bonds may be issued either in the form of coupon Bonds or in fully registered form, without coupons. Coupon Bonds shall be initially payable to bearer, with a single coupon attached for each installment of interest thereon.

(E) All Bonds shall bear interest from their date. The coupon Bonds of any series shall be dated as of the date specified by the Department and the interest thereon shall be payable only in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. Registered Bonds issued prior to the first interest payment date thereof

shall be dated as of the date of the coupon Bonds with respect thereto, but registered Bonds issued on or subsequent to the first interest payment date thereof shall be dated as of the date six months preceding the interest payment date next following the date of delivery thereof (unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery). If, however, interest on such Bonds shall be in default, the registered Bonds issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the bonds surrendered.

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provision, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, or otherwise.

Section 3.03. Exchangeability of Coupon Bonds. Coupon Bonds, upon surrender thereof at the Office of the Treasurer with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any authorized denominations.

Section 3.04. Negotiability, Transfer and Registry. All the Bonds issued under this Indenture shall be negotiable subject to the provisions for registration, transfer and exchange contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Treasurer shall maintain and keep books for the registration, transfer and exchange of Bonds. Upon presentation thereof for such purpose at said office, the Treasurer shall register or cause to be registered in such books, and permit to be transferred thereon, under such reasonable regulations as the Treasurer may prescribe, any Bonds entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Treasurer shall make all necessary provisions to permit the exchange of Bonds.

Section 3.05. Transfer and Registration of Coupon Bonds.  
 (A) Title to all coupon Bonds shall pass by delivery, unless registered as to principal and interest other than to bearer in the manner provided in this Section. Any coupon Bond may be registered as to principal and interest on the books of the Treasurer, upon presentation thereof at said office and the payment of a charge sufficient to reimburse the Treasurer for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer

thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Bonds. Such registered Bonds may be likewise exchanged for other registered Bonds, but once registered, cannot be exchanged for bearer coupon Bonds, unless authorized by law.

(B) As to any coupon Bond registered as to principal and interest other than to bearer, the person in whose name such Bonds shall at the time be registered upon the books of the Treasurer may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or premium thereof and for all other purposes, and payment of, or on account of, the principal or premium, if any, of such Bond shall be made only to or upon the order of such registered owner. 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. The State may deem and treat the bearer of any coupon Bond which shall not at the time be registered to other than to bearer, as the holder and absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal and interest or redemption price thereof, and for all other purposes whatsoever, and neither the State, nor any Paying Agent shall be affected by any notice to the contrary. The State agrees to indemnify and save each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

Section 3.06. Transfer of Fully Registered Bonds. (A) Each fully registered Bond shall be transferable only upon the books of the Treasurer by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Treasurer duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such fully registered Bond, the Treasurer shall issue in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount, series and maturity as the surrendered Bond.

(B) The State and any Paying Agent may deem and treat the person in whose name any fully registered Bond shall be registered upon the books of the State as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or premium, if any, of and interest on such Bond and for all other purposes and all such payments so made to any such

registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 3.07. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the State shall execute and deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Treasurer may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (ii) in the case of the exchange or transfer of an originally issued coupon Bond for a registered Bond, or (iii) with respect to any particular Bond, after such Bond has been called for redemption. The Treasurer may establish a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be not more than ten days preceding an Interest Payment Date on such Bonds or, in the case of any proposed redemption of Bonds next preceding the date of the first redemption of Bonds.

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the State shall execute a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like interest rate, maturity, principal amount and other terms as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond and coupons, if any, shall be delivered only upon surrender and cancellation of such mutilated Bond and attached coupons, if any. In the case of Bonds issued in lieu of and in substitution for a Bond and coupons, if any, destroyed, stolen or lost, such new Bond and coupons, if any, shall be delivered only upon the filing with the State of evidence satisfactory to the State that such Bond and attached coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof and upon furnishing the State with indemnity satisfactory to it. The person requesting the authentication and delivery of a new Bond pursuant to this Section shall comply with such other reasonable regulations as the State may prescribe and pay such expenses as the State may incur in connection therewith. All Bonds and coupons so surrendered shall be cancelled by the State.

Section 3.09. Preparation of Definitive Bonds; Temporary Bond. (A) Definitive Bonds shall be lithographed or printed on steel engraved borders. Until definitive Bonds are prepared, the State may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, but with or without coupons, in denominations of \$5,000 or any multiple thereof, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds in coupon form shall be payable only upon the presentation and surrender of the coupons therefor attached thereto or, if no coupons for such interest are attached thereto, then only upon presentation of such temporary Bonds for notation thereon of the payment of such interest. Upon surrender of such temporary Bonds for exchange and cancellation with all unmatured coupons, if any, and all matured coupons, if any, for which no payment or only partial payment has been provided, attached, the State at its own expense shall prepare and execute and, without charge to the holder thereof, deliver in exchange therefor, definitive coupon Bonds, or registered Bonds, of the same aggregate principal amount, interest rate, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture.

(B) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the State.

Section 3.10. Cancellation and Destruction of Bonds or Coupons. All Bonds paid or redeemed, either at or before maturity, together with all unmatured coupons, if any, appertaining thereto, shall be delivered to the fiscal agency of the State when such payment or redemption is made, and such Bonds and coupons, together with all Bonds purchased by the State, shall thereupon be promptly cancelled. Bonds and coupons so cancelled may be destroyed by the fiscal agency of the State who shall execute a Certificate of destruction describing the Bonds and coupons so cremated or otherwise destroyed, and deliver the Certificate to the Treasurer.

Section 3.11. Execution. (A) After their authorization, Bonds of a series may be executed by or on behalf of the State. The Bonds shall be executed in the name and on behalf of the State by the facsimile signatures of its Governor and Secretary of State and the manual signature of the Treasurer or Deputy State Trasurer and the corporate seal of the State (or a facsimile

thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bond may be signed and sealed on behalf of the State by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the State, although at the date of the Bonds such persons may not have been so authorized or have held such office or employment. The coupons to be attached to the coupon Bonds shall be authenticated by the facsimile signatures of the Governor and the Secretary of State.

(B) Except as otherwise provided herein, the Treasurer, before delivering any coupon Bonds, shall cut off, cancel and destroy all matured coupons thereto attached, except matured coupons for which payment in full has not been provided. However, when such Bonds are issued in exchange for registered Bonds upon which interest is in default, as shown by the records of the Treasurer, such Bonds shall have attached thereto all coupons maturing after the date to which interest has been paid in full, as shown by the records of the Treasurer, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

#### ARTICLE IV REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds. (A) If and to the extent the Borrower is entitled or required and makes a prepayment pursuant to Section 13(c) or 13(d) of the Agreement, the Bonds of any Outstanding series shall be subject to redemption prior to their stated maturity, as a whole but not in part, from any source of available funds, on any date, upon payment of the principal amount thereof, the premiums, if any, together with interest accrued thereon to the date fixed for redemption.

(B) The Bonds of any series may also be subject to redemption prior to their stated maturity at the option of the Treasurer, as stated in the Declaration relating to that Series. The Treasurer shall not exercise its option to redeem bonds pursuant to this subsection (B), unless the Borrower has so directed in accordance with the Agreement and has made payment of all loan installments required under the Agreement, or any required deposits of amounts

on account of eminent domain, condemnation or insurance proceeds have been received.

Section 4.02. Selection of Bonds for Redemption. If less than all of the Bonds of any series are called for redemption under this Indenture, Supplemental Indentures or Declarations, the Treasurer shall select the Bonds to be redeemed, from the outstanding Bonds of such series not previously called for redemption, in reverse order of maturity, and by lot within any maturity.

Section 4.03. Notice of Redemption. Notice of redemption, except as provided below, 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.

Section 4.04. Effect of Redemption. (A) Notice of redemption having been duly given as aforesaid, and monies for payment of the redemption price being held by the Treasurer, the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption shall cease to accrue, the coupons for interest thereon maturing subsequent to the redemption date shall be void, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(B) All unpaid interest installments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

(C) All Bonds fully redeemed pursuant to the provisions of this Article IV and the appurtenant coupons, if any, shall be cancelled upon surrender thereof and delivered to the Treasurer.

ARTICLE V  
REVENUES AND ACCOUNTS

Section 5.01. Application of Proceeds of Bonds.  
(A) Upon receipt of the proceeds of the sale of each series of Bonds, the Treasurer shall forthwith deposit such proceeds into the Water Development Fund created by Section 5.02 hereof.

(B) If, for any reason, Bonds of a particular series are sold and the Project to be funded with the proceeds thereof is not so funded, whether such Project is abandoned before or after the sale of the Bonds, the proceeds of any such Series of Bonds shall be deposited to the appropriate Excess Proceeds Account created by Section 5.06 hereof.

Section 5.02. Water Development Funds. (A) The Executive Director shall establish and maintain a series of separate funds for each series of Bonds, to be known as "Water Development Fund, Series \_\_\_\_." The monies in the Water Development Fund shall be held by the Treasurer in trust and applied first, to transfer to the Reserve Account for each series of Bonds created by Section 5.03 hereof, an amount at least equal to the Reserve Account Requirement for that Series; second, to transfer an amount to the Sinking Fund for each series of Bonds created by Section 5.04 hereof, an amount sufficient to pay Bond interest from the date of the Bonds to the date specified in the Declaration; third, to the payment of Costs of Issuance, and; fourth, to Costs of the Project, as those terms are defined in the Agreements.

(B) Before any payment is made from the Water Development Fund by the Executive Director to Costs of the Project, there shall be filed with the Executive Director a Written Request of the Department, or the Treasurer, conforming with and in response to the requirements of Section 9(b) of the Agreements, stating:

- (1) the Account from which payment is due;
- (2) the name and address of the person to whom payment is due;
- (3) the amount to be paid; and
- (4) that each obligation mentioned therein has been properly incurred and is a proper charge against the appropriate Water Development Fund.

(C) Each such Request shall be sufficient evidence to the Executive Director of the facts stated therein. Upon

receipt of each such Request, the Executive Director shall pay the amount set forth therein as directed by the terms thereof.

(D) Upon the receipt by the Executive Director of the Request, and after payment of costs payable from the Water Development Fund or provision satisfactory to the Executive Director having been made for payment of such costs not yet due, the Executive Director shall transfer any remaining balance in the Water Development Fund to the corresponding Security Reserve Account established pursuant to Section 5.05 hereof.

Section 5.03. Reserve Accounts. (A) The Executive Director shall establish and maintain separate accounts for each Bond Sinking Fund to be called "Reserve Account" (hereinafter called the "Reserve Account"), the initial deposit into which shall take place as provided in Section 5.02 hereof. If sufficient Revenues are not deposited by the Borrower in the appropriate Bond Sinking Fund to permit the Executive Director to make any required payment of principal or interest, or both, becoming due on the Bonds, the Executive Director shall apply amounts in the Reserve Account in the manner and to the extent required to cure any such deficiency. If the Executive Director utilizes amounts in the appropriate Reserve Account as provided herein, and if the Borrower is not then in default under the Agreement, the Executive Director shall require the Borrower to pay, as additional loan payments under Section 3(b) of the Agreement, such amounts as are necessary to bring the Reserve Account to an amount equal to the Reserve Account Requirement. The Executive Director shall deposit such amounts to the appropriate Reserve Account.

(B) Funds in any Reserve Account may be transferred or diverted to any other fund or account established for the series of Bonds from which the Reserve Account is funded, so long as the balance in the Reserve Account is at least equal to the Reserve Account Requirement. Investment earning may, upon direction of the Director, be credited against amounts due pursuant to the corresponding Loan Agreement.

(C) If at any time there are still Bonds outstanding, and the Borrower has complied with all provisions of this Indenture and of the Agreement, and there shall have been deposited to the Bond Sinking Fund sufficient monies that, when combined with the monies from the Reserve Account and Security Reserve Account there would be sufficient funds to pay the principal of and the interest and premium, if any, on the Outstanding Bonds, then the Executive Director shall transfer all remaining monies from the Reserve Account to the Bond Sinking Fund and the Reserve and Security Reserve Accounts may be closed.

(D) Upon the receipt by the Executive Director of the Request, and after payment of costs payable from the Water Development Fund or provision satisfactory to the Executive Director having been made for payment of such costs not yet due, the Executive Director shall transfer any remaining proceeds in the Water Development Fund as follows: proceeds allocable to unused costs of the Project to the appropriate Security Reserve Account established pursuant to Section 5.05 hereof, and proceeds allocable to unused costs of issuance to the Bond Sinking Fund established pursuant to Section 5.04 hereof to be used for costs of administration.

Section 5.04. Bond Sinking Funds. (A) The Executive Director shall account for all Revenues in the appropriate "Water Development Administration and Bond Sinking Fund" (herein called the "Bond Sinking Fund"), which the Executive Director shall establish and maintain, for each series of Bonds issued for each Project.

(B) All of the Revenues are hereby irrevocably pledged, after payment of administrative expenses, to the punctual payment of the principal of and interest and premium, if any, on the Bonds, and Revenues (other than payments made pursuant to Section 3(b) of the Agreement at a time no default exists in such punctual payment) shall not be used for any other purpose while any of the Bonds remain outstanding.

(C) All Revenues shall be held by the Treasurer in trust for the benefit of the holders from time to time of the Bonds and the coupons appertaining thereto, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes in this Article V set forth. In connection with the pledge of Revenues herein contained, the Director hereby assigns to the Treasurer, and the Treasurer hereby accepts, all of the rights, privileges and obligations of the Director under the Agreement to the extent they are not timely exercised by the Director.

(D) The Executive Director shall cause monies in the Bond Sinking Fund to be applied first to pay the Director for administrative expenses and, second, for payment of the principal and interest on the Bonds as it shall become due and payable, including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture.

(E) In the event that the Borrower makes a prepayment pursuant to Section 13(a) of the Agreement and elects pursuant to Section 13(b) of the Agreement to apply the amount so prepaid to the redemption of Bonds, or in the event the Borrower is entitled and elects to make a prepayment pursuant to Section

13(c) of the Agreement, or in the event that the Borrower is required to make a prepayment pursuant to Section 13(d), such prepayment shall be forthwith deposited with the Treasurer. Any amount so deposited shall be deposited in the appropriate Bond Sinking Fund and shall be applied promptly thereafter to the redemption of Bonds at the redemption price then applicable pursuant to the provisions of the Declaration.

(F) No funds in any Bond Sinking Fund shall be transferred or diverted to any other Bond Sinking Fund.

(G) When there are no longer any Bonds outstanding, all fees, charges and expenses of the Executive Director, Treasurer, and any Paying Agents have been paid or provided for, all expenses of the Department relating to the Projects and this Indenture have been paid or provided for, and this Indenture has been discharged and satisfied, the Executive Director shall, upon receipt of a written request of the Director, pay amounts remaining, if any, in any fund or account to the State General Fund.

Section 5.05. Security Reserve Account. (A) The Executive Director shall establish and maintain separate accounts for each Bond Sinking Fund to be called the "Security Reserve Account" for each series of Bonds issued for each Project.

(B) The Executive Director shall annually cause monies in the Security Reserve Accounts to be transferred to the appropriate Bond Sinking Fund and applied to payment of interest and principal of the Bonds and shall credit the amount of any such transfer against the loan repayment of the Borrower applied to payment of interest and principal of the Bonds.

(C) The Security Reserve Accounts may be closed as provided by Section 5.03 herein.

Section 5.06. Excess Proceeds Accounts. The Executive Director shall establish and maintain separate accounts in each Water Development Fund for each series of Bonds to be known as the Excess Proceeds Accounts. The Accounts shall be funded as provided in Section 5.01(B). Funds in the Excess Proceeds Accounts shall be used to provide additional loans to Borrowers. For this purpose, the appropriate funds and accounts shall be established and the monies remaining in the Excess Proceeds Accounts shall be transferred to newly established Water Development Funds. If new borrowers are not located prior to any required payment of principal and interest on the corresponding series of Bonds, monies in the Excess Proceeds Account may be transferred to the Bond Sinking Fund for the redemption of the Bonds.

Section 5.07. Investment of Certain Funds. (A) Monies in any fund or account shall be continuously invested and reinvested or deposited and redeposited by the Treasurer in conformity with the standard of judgment and care in making investments, as provided in Oregon Revised Statutes 293.726 or as otherwise provided by law. The Department shall consult with the Treasurer from time to time as to the investment of amounts in the funds established or confirmed by this Indenture. The Treasurer shall invest and reinvest the monies in Investment Securities so that the maturity date or date of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which monies are needed to be so expended. The Investment Securities purchased shall be held by the Treasurer and shall be deemed at all times to be part of such Account, and the Treasurer shall keep the Department advised as to the details of all such investments. The Treasurer shall sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it shall be necessary in order to provide monies to meet any payment from such fund or account.

(B) Except as may otherwise be provided for amounts allocated to the Bond Sinking Fund in connection with the issuance of refunding Bonds, Investment Securities purchased as an investment of monies in any fund held by the Treasurer under the provisions of this Indenture shall be deemed at all times by the Department to be a part of such fund or accounts as it maintains but the income or interest earned and gains realized in excess of losses allocated to a fund or account due to the investment thereof shall be allocated to the Bond Sinking Fund and shall be credited against the Borrower's loan repayments.

(C) The Treasurer shall sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Indenture whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made.

Section 5.08. Assignment of Revenues to Treasurer. The Director hereby transfers, assigns and sets over to the Treasurer all of the Revenues and any and all rights, privileges and obligations it has under the Agreement, including, without limitation, the right to collect and receive directly all of the Revenues, and any Revenues collected or received by the Director shall be deemed to be held, and to have been collected or received, by the Director as the agent of the Treasurer, and shall forthwith be transmitted by the Director to the Treasurer.

ARTICLE VI  
COVENANTS OF THE TREASURER AND DIRECTOR

Section 6.01. Payment of Principal and Interest. The Treasurer shall punctually pay, or cause to be paid, the principal, interest and premium, if any, to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds and in the coupons thereto appertaining. When and as paid in full, all Bonds and all coupons appurtenant thereto, if any, shall forthwith be cancelled by the Treasurer.

Section 6.02. Extension of Funding of Interest Coupons. In order to prevent any accumulation of coupons after maturity, the Treasurer shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or claims or in any other manner. In case any such coupon or claim for interest shall be extended or funded, whether or not with the consent of the Treasurer, such coupon or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all coupons and claims for interest which shall not have been so extended or funded.

Section 6.03. Paying Agent. The fiscal agency of the State of Oregon, in the City and State of New York, shall be the Paying Agent for the payment of the principal of, the interest and premium, if any, on, the Bonds unless otherwise provided by law. It shall be the duty of the Treasurer to make such credit arrangements with such Paying Agent as may be necessary to assure, to the extent of the monies held by the Treasurer for such payment, the prompt payment of the principal of, the interest and premium, if any, on, the Bonds presented for payment.

Section 6.04. Preservation of Revenues. The Director shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and assignment of rights to the Treasurer under the Agreement or the Treasurer's enforcement of any rights thereunder, without the prior written consent of the Treasurer. The Treasurer may give such written consent, and may itself take any such action or consent to an amendment or modification to the Agreement, only (i)(a) if, in the opinion of the Treasurer, such action or such amendments or modifications will not adversely affect the interests of the holders of the Bonds or result in any impairment of the security hereby given for the payment of the Bonds, or (b) if the Treasurer first

obtains the written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds then outstanding to such amendments or modifications, and (ii) such amendments or modifications will not have the effect of extending the time for payment or reducing the amount due and payable of any amount due and payable by the Borrower pursuant to the Agreement.

Section 6.05. Accounting Records and Reports. The Executive Director shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipt, disbursement, allocation and application of the Revenues and the proceeds of the Bonds. The Executive Director, on or before January 31 of each year commencing in 1982, shall furnish to the Director and Treasurer a complete financial statement covering receipts, disbursements, allocation and application of Revenues and Bond proceeds for the period ending on the preceding December 31.

Section 6.06. Compliance with Agreement. Neither the Director nor the Treasurer shall take any action to impair the validity or enforceability of the Agreement, and shall fully comply with and promptly enforce its rights under the Agreement. The Director shall not waive any of his rights under the Agreement or permit amendment of the Agreement without the prior written consent of the Treasurer.

Section 6.07. Compliance with Indenture. The Treasurer shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues in any manner other than in accordance with the provisions of this Indenture, and shall not suffer or permit any default to occur under this Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.08. Other Liens. So long as any Bonds are outstanding, neither the Department nor Treasurer shall create or suffer to be created any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues other than the lien of this Indenture.

Section 6.09. Tax Covenants. (A) The State shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation, except in the event that such recipient is a "substantial user" or "related person" within the meaning of Section 103(b)(9) of the Internal Revenue Code of 1954, as amended (herein in this Section called the "Code").

(B) The Treasurer covenants with the holders of all Bonds at any time outstanding that it will make no use of the proceeds of any of the Bonds or of any other funds which will cause any of the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(c) of the Internal Revenue Code of 1954, as amended, and any applicable regulations promulgated thereunder. To that end, so long as any of the Bonds are outstanding, the Treasurer, with respect to the proceeds of the Bonds or such other funds, shall comply with all requirements of said Section 103(c) and of all regulations of the United States Department of the Treasury promulgated thereunder, to the extent that such requirements are, at the time, applicable and in effect.

Section 6.10. Further Assurances. Whenever and so often as requested so to do by the Treasurer, the Director shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Treasurer and the Bondholders of all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture, and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

#### ARTICLE VII THE EXECUTIVE DIRECTOR AND TREASURER

Section 7.01. Duties, Immunities and Liabilities of Executive Director. (A) The Executive Director shall perform such duties and only such duties as are specifically set forth in this Indenture.

(B) No provision of this Indenture shall be construed to relieve the Executive Director from liability for its own negligent action or its own negligent failure to act, except that in the absence of bad faith on the part of the Executive Director, the Executive Director may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Executive Director conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Executive Director, the Executive Director shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture.

(C) None of the provisions contained in this Indenture shall require the Executive Director to expend or risk other

funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02. Right of Executive Director to Rely upon Documents. (A) Except as otherwise provided in Section 7.01:

(1) the Executive Director may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Bond, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any notice, request, direction, election, order or demand of the Department mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Department by its Director or Deputy Director or any two other persons who are specifically authorized by a resolution of the Department to sign such an instrument on its behalf, unless other evidence in respect thereof be herein specifically prescribed; and any resolution of the Department may be evidenced to the Executive Director by a Certified Resolution;

(3) the Executive Director may consult with counsel, who may be counsel for the Department or independent bond counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

(4) whenever in the maintenance of funds and accounts created by this Indenture the Executive Director shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Executive Director, be deemed to be conclusively proved and established by a Certificate of the Director; and such Certificate of the Director shall, in the absence of negligence or bad faith on the part of the Executive Director, be full warrant to the Executive Director for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 7.03. Monies Received by Treasurer be Held in Trust. All monies received by the Treasurer shall, until used or applied as herein provided, be held in trust for the

purposes for which they were received and accounted for by the Executive Director, but need not be segregated from other funds except to the extent required by law.

Section 7.04. Compensation and Indemnification of Executive Director and Treasurer. The Department covenants to pay to the Executive Director and Treasurer from time to time, and the Executive Director and Treasurer shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts created and in the exercise and performance of any of the powers and duties hereunder of the Executive Director and Treasurer, which compensation shall not be limited by any provisions of law in regard to the compensation of a trustee of an express trust, and the Department will pay or reimburse the Executive Director and Treasurer upon their request for all expenses, disbursements and advances incurred or made in accordance with any of the provisions of this Indenture, including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ, except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Treasurer subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Treasurer, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Department also covenants to indemnify, out of any Revenues received for such purpose, the Executive Director and Treasurer for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Executive Director or Treasurer, arising out of or in connection with the acceptance or administration of this Indenture, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Director and Treasurer for services and to pay or reimburse the Executive Director and Treasurer for expenses, disbursements, liabilities and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall have priority over the Bonds in respect of all property and funds held or collected by the Treasurer as such, except funds held in trust by the Treasurer for the benefit of the holders of particular Bonds or coupons.

Section 7.05. Acceptance of Successor. Any successor Executive Director shall execute, acknowledge and deliver to the Treasurer and to its predecessor an instrument accepting

such appointment hereunder, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of his predecessor hereunder, with like effect as if originally named as Executive Director herein; but, nevertheless, on the Written Request of the Treasurer or the request of the successor, the Executive Director ceasing to act shall execute and deliver an instrument transferring to such successor all the rights and powers of the Executive Director so ceasing to act. Upon request of any such successor, the Treasurer shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties.

#### ARTICLE VIII SUPPLEMENTAL INDENTURES

Section 8.01. Supplemental Indentures. (A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the State may be adopted, which shall be fully effective in accordance with its terms,

- (1) to close this Indenture, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on delivery of Bonds or the issuance of other evidences of indebtedness;
- (2) to add to the covenants and agreements of the State in this Indenture other covenants and agreements to be observed by the State which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (3) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the State which are not contrary to or inconsistent with this Indenture as thereupon in effect;
- (4) to surrender any right, power or privilege reserved to or conferred upon the State by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the State contained in this Indenture.
- (5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Revenues or of any other revenues or assets; or

(6) to modify any of the provisions of this Indenture in any respect whatever, but only if (i) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof.

(7) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision of this Indenture; or

(8) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture theretofore in effect.

Section 8.02. Supplemental Indentures Effective Upon Consent of Bondholders. At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Section 8.06.

Section 8.03. General Provisions. (A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article. Nothing in this Article contained shall affect or limit the right or obligation of the State to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the terms hereof.

(B) Any Supplemental Indenture permitted or authorized by Section 8.01 or 8.02 may be entered into by the State without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture maintained by the Department shall be accompanied by an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the State.

(C) No Supplemental Indenture shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

Section 8.04. Mailing and Publication of Notice of Amendment. (A) Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if

it is mailed postage prepaid to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the State and to each holder of any coupon Bond who shall have filed with the Treasurer within two years preceding such mailing an address for notices.

(B) Any provision in this Article for publication of a notice or other matter shall require the publication thereof only in the Financial Newspapers.

Section 8.05. Powers of Amendment. Any modification of or amendment to this Indenture and of the rights and obligations of the State and of the holders of the Bonds and coupons hereunder, in any particular, may be made by a Supplemental Indenture, but only, in the event such Supplemental Indenture shall be adopted pursuant to Section 8.02, with the written consent given as provided in Section 8.06, (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each series so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding, however, 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. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the premium thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. For the purposes of this Section, 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 as determined by the Department.

Section 8.06. Consent of Bondholders. (A) A copy of any Supplemental Indenture making a modification or amendment which is not permitted by the provisions of Section 8.01 or 8.02 or brief summary thereof or reference thereto together with a request to Bondholders for their consent thereto shall be mailed by the State to the holders of any registered Bond or to any Bondholder who shall within the past two years have

filed his name and address with the Treasurer for such purpose and shall be published in the Financial Newspapers at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Treasurer (a) the written consents of holders of the percentages of Outstanding Bonds specified in Section 8.05 and (b) an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully adopted by the State in accordance with the provision of this Indenture, is authorized or permitted hereby and is valid and binding upon the State and enforceable in accordance with its terms, and (ii) a notice shall have been published as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.07. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Treasurer, prior to the time when the written statement of the Treasurer hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation.

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Treasurer shall make and file with the Department a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the State on a stated date, a copy of which is on file with the Treasurer) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Department by mailing such notice to the Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section) and by publishing the same in the Financial Newspapers at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their

consents to the Supplemental Indenture and the written statement of the Department hereinabove provided for is filed. The Department shall retain proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Treasurer or the Department, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the State, the Paying Agents and the holders of all Bonds and coupons at the expiration of forty days after the the first publication of the notice of such consent, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such forty-day period, except that any Paying Agent and the State during such forty-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 8.07. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the State and of the holders of the Bonds and coupons hereunder may be modified or amended in any respect upon the adoption and filing by the State of a Supplemental Indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in Section 8.06, but no such modification or amendment shall change or modify any of the rights or obligations of any Paying Agent without the filing of the written assent thereto of such Paying Agent in addition to the consent of the Bondholders. No notice of any such modification or amendment to Bondholders either by mailing or publication shall be required.

Section 8.08. Exclusion of Bonds. Bonds owned or held by or for the account of the State shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the State shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the State shall furnish the Treasurer a Certificate of the Department describing all Bonds so to be excluded.

ARTICLE IX  
DEFEASANCE

3670

Section 9.01. Discharge of Indenture. (A) If the entire indebtedness on all Bonds outstanding shall be paid and discharged in any one or more of the following ways:

(1) by paying or causing to be paid the principal of, including redemption premium if any, and interest on Bonds outstanding, as and when the same become due and payable;

(2) by depositing or crediting to the account of the Treasurer, in trust, at or before maturity, money or securities in the necessary amount, as provided in Section 9.04, to pay or redeem Bonds outstanding; or

(3) by delivering to the Treasurer for cancellation by it, Bonds outstanding, together with all unpaid coupons thereto belonging;

and if all other sums payable hereunder by the Treasurer shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and thereupon the Treasurer shall, upon receipt of a certificate of the Director and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Executive Director and Treasurer to charge and be reimbursed for any expenditures which it may thereafter incur in connection herewith.

Section 9.02. Discharge of Liability on Bonds and Coupons. Upon the deposit with the Treasurer, in trust, at or before maturity, of money or securities in the necessary amount as provided in Section 9.04 to pay or redeem outstanding Bonds, whether upon or prior to their maturity or the redemption date of such Bonds, provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Treasurer shall have been made for the giving of such notice, all liability of the Treasurer and the Borrower in respect of such Bonds and the coupons appertaining thereto shall cease, terminate and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or securities deposited with the Treasurer as aforesaid for their payment, subject, however, to the provisions of Section 9.03.

Section 9.03. Payment of Bonds and Coupons after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any monies deposited with the Treasurer or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for six years after the principal of all the outstanding Bonds has become due and payable, whether at maturity or upon call for redemption or by declaration as provided in this Indenture, shall be held by the Treasurer, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Treasurer for payment thereof, and all liability of the Executive Director or any Paying Agent with respect to such monies shall thereupon cease; provided, however, that before the repayment of such monies to the Treasurer as aforesaid, the Treasurer or Paying Agent, as the case may be, may, at the cost of the Treasurer, first publish at least once in a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in Portland, Oregon, or in New York, New York, a notice, in such form as may be deemed appropriate by the Treasurer or such Paying Agent, in respect of the Bonds or coupons so payable and not presented and in respect of the provisions relating to the repayment to the Treasurer of the monies held for the payment thereof. In the event of the repayment of any such monies to the Treasurer as aforesaid, the holders of the Bonds and coupons in respect of which such monies were deposited shall thereafter be deemed to be unsecured creditors of the Treasurer for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Treasurer without interest thereon.

Section 9.04. Deposit of Money or Securities with Treasurer. (A) Whenever in this Indenture it is provided or permitted that there be deposited with or credited to the account of or held in trust by the Treasurer money or securities in the necessary amount to pay or redeem any Bonds, the money or securities may consist of:

(1) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been deposited with the Treasurer the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any; or

(2) noncallable direct obligations of the United States of America or obligations which as to principal and interest constitute full faith and credit obligations of the United States of America, which may be in book entry

form in the books of the United States Department of Treasury, in such amounts and maturing at such times that the proceeds of said obligations received upon their respective maturities and interest payment dates, without further reinvestment, will provide funds sufficient to pay the principal, premium, if any, and interest to maturity, or to the redemption date, as the case may be, with respect to all of the Bonds to be paid or redeemed, as such principal, premium and interest become due, provided, that the Treasurer shall have been irrevocably instructed to apply the proceeds of said obligations to the payment of said principal, premium, if any, and interest with respect to such Bonds.

#### ARTICLE X MISCELLANEOUS

Section 10.01. Successors of Treasurer, Director and Executive Director. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Treasurer, Director and Executive Director, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Treasurer, Director or Executive Director shall hereafter be transferred by any law of the State of Oregon, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Treasurer, Director or Executive Director, then the body or official of the State of Oregon who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Treasurer, Director and Executive Director as in this Indenture provided.

Section 10.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds or coupons expressed or implied is intended or shall be construed to give to any person other than the Treasurer, Director, the Executive Director, the Borrower and the holders of the Bonds and coupons issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Treasurer, the Director, the Executive Director, the Borrower and the holders of the Bonds and coupons issued hereunder.

Section 10.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 10.04. Destruction of Bonds and Coupons.  
Whenever in this Indenture provision is made for the cancellation by the Treasurer of any Bonds or any coupons, the Treasurer may, in lieu of such cancellation and delivery, destroy such Bonds and coupons, and file a certificate of such destruction.

Section 10.05. Separability of Invalid Provisions.  
In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 10.06. Notice to Executive Director, Treasurer and Director. Any notice to or demand upon the Executive Director, Treasurer, or Director shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to their respective offices, State Capitol, Salem, Oregon 97310, or by service or presentment, or at such other address as may be filed in writing with the Executive Director. Any notice to or demand upon the Borrower shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box addressed to the Borrower at such other address as may be filed in writing by the Borrower with the Executive Director.

Section 10.07. Evidence of Rights of Bondholders. (A)  
Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Executive Director and of the Treasurer and Director if made in the manner provided in this Section 10.07.

(B) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deed, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(C) The amount of Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, the distinguishing numbers of the Bonds held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository, wherever situated, if such certificate shall be deemed by the Treasurer to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described; or such facts may be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Treasurer to be satisfactory. The Treasurer may conclusively assume that such ownership continues until written notice to the contrary is served upon the Treasurer. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Treasurer may deem sufficient. The Treasurer may nevertheless, in his discretion, require further proof in cases where it may deem further proof desirable. Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Treasurer in pursuance of such request, consent or vote.

(D) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Treasurer, the Borrower or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under the direct or indirect common control with, the Treasurer, the Borrower, or any other obligor of the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided, that, for the purpose of determining whether the Treasurer shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Treasurer knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this subsection (D) if the pledgee shall establish to the satisfaction of the Treasurer the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Treasurer, the Borrower, or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Treasurer taken upon the advice of counsel shall be full protection to the Treasurer.

(E) In lieu of written consents or other actions be taken by Bondholders, such consents may be obtained or action taken following a meeting of the Bondholders which is conducted in accordance with such reasonable procedures and rules as the Treasurer may prescribe.

Section 10.08. Waiver of Personal Liability. Neither the Director, Treasurer nor Executive Director or any officer, agent or employee of the Director, Treasurer or Executive Director or of the State of Oregon or any department, board of agency thereof or of the United States or any agency thereof shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 10.09. Publication for Successive Weeks. Any publication to be made under the provisions of this Indenture in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

Section 10.10. Execution in Several Counterparts.  
 This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Treasurer, Director and the Executive Director shall preserve undestroyed, shall together constitute but one and the same instrument.

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

TREASURER OF THE STATE OF OREGON

By Chag Myers

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

By James E. Sisson

DIRECTOR OF THE EXECUTIVE DEPARTMENT  
 OF THE STATE OF OREGON

By Bill Smith

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AFTER RECORDING RETURN TO:

Water Resources Department  
 Water Resources Loan Program  
 Multistate Loan Fund  
 555 Third Street, N.E.  
 Salem, Oregon 97330

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 1:48 o'clock P.M. and duly recorded in Vol 1004, of Mortgages on page 3034.

EVELYN BIEHN, COUNTY CLERK

Fee \$ 172.00

by Pam Smith Deputy