

'99 APR 27 P 3:20

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After Recording
Return to:
Carol Callaway
Ater Wynne LLP
222 SW Columbia St., Suite 1800
Portland, Oregon 97201

CHattel MORTGAGE FILING

This Chattel Mortgage Filing ("Chattel Mortgage"), dated as of April 1, 1999, is entered into by the CITY OF KLAMATH FALLS, OREGON, a municipality incorporated under the laws of the State of Oregon, as mortgagor ("Mortgagor"), to and for the benefit of U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee") under an Indenture of Trust, dated as of April 1, 1999 (the "Indenture") by and between the Mortgagor and the Trustee for the benefit of the Holders and all Bonds and any other Obligations issued or entered into and to be issued or entered into under or pursuant to the Indenture and any obligations of the Mortgagor to any Credit Facility Provider (as defined in the Indenture). The Mortgagor does hereby grant, bargain, sell, convey, transfer, mortgage, grant a security interest in, pledge and assign to the Trustee all of the Mortgagor's right, title and interest in and to the following (the "Mortgaged Property"):

- (1) personal property and fixtures of Mortgagor that comprise part of the Project, whether now owned or existing or hereafter acquired or arising, or in which Mortgagor may have an interest, and wheresoever located, whether or not of a type which may be subject to a security interest under the UCC, including all Mortgaged Property, all machinery, tools, engines, appliances, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, furnishings, furniture, service equipment, motor vehicles, building or maintenance equipment, building or maintenance materials, supplies, goods and property covered by any warehouse receipts or bills of lading or other such documents, spare parts, maps, plans, specifications, architectural, engineering, construction or shop drawings, manuals or similar documents, copyrights, trademarks and trade names, and any replacements, renewals or substitutions for any of the foregoing or additional tangible or intangible personal property hereafter acquired by Mortgagor; and
- (2) All buildings, structures, substations, foundations, slabs and other improvements, goods, building materials, machinery, apparatus, equipment, fittings, fixtures, supplies, work in progress and other personal property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or may hereafter have or acquire an interest, which are now or hereafter affixed to, placed upon or used in connection with the Real Property or any appurtenances thereto (collectively, the "Improvements");
- (3) All machinery, apparatus, equipment, fittings, fixtures and other personal property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or may hereafter have or acquire an interest, now or hereafter located at or upon the Real Property, the Improvements or any other Mortgaged Property, or any appurtenance thereto, and used or usable in connection with the present or future construction, operation and occupancy of all or any part of the Project or the Mortgaged Property, and

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(Second Lien Obligations)

all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or may hereafter have or acquire an interest, now or hereafter located at or upon the Real Property or any other Mortgaged Property, including, without limitation, electrical generation equipment, energy transmission equipment, turbine generators, power blocks and plants, waste water treatment equipment, injection systems, gas lines, steam lines, power lines, control and monitoring equipment, generators, valves and valve stations, skids, vaporizers, pumps, tanks, air receivers, cooling towers, clarifiers, cables, pipelines, wells, compressors and instrumentation, all of which, including replacements and additions thereto, shall, to the fullest extent permitted by law and for the purposes of this Chattel Mortgage, be deemed to be part and parcel of the Mortgaged Property;

- (4) the proceeds of all of the foregoing, including without limitation, (A) all rights of Mortgagor to receive moneys due and to become due under or pursuant to the Collateral; (B) all rights of Mortgagor to receive the return of any premiums for, or proceeds of, any insurance, indemnity, warranty or guaranty with respect to the Collateral or to receive any condemnation proceeds; (C) all claims of Mortgagor for damages arising out of, or for breach of or default under, the Assigned Agreements or any other Collateral; (D) all rights of Mortgagor to terminate, amend, supplement, modify or waive performance under the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder, and (E) to the extent not included in the foregoing, all proceeds receivable or received when any and all of the foregoing Collateral is sold, collected, exchanged or otherwise disposed of, whether voluntarily or involuntarily.

The Mortgaged Property described above shall include all of the items of property located at or on the property described in Exhibit A hereto or otherwise related to the Project (as defined in the Indenture). All capitalized terms used herein but not defined herein shall have the respective meanings assigned thereto in the Indenture.

CITY OF KLAMATH FALLS, OREGON

By: Todd

Its: Mayor

STATE OF OREGON)

)ss.

COUNTY OF KLAMATH)

On this 23rd day of April, 1999, personally appeared before me the above-named Todd Kellstrom, the Mayor of the City of Klamath Falls, Oregon, who signed the foregoing instrument.



Shirley F. Kappas
NOTARY PUBLIC FOR OREGON

My Commission Expires: 9-10-01

15726

Exhibit A

Description of Leased Premises

A parcel of land located in the Southwest Quarter (SW1/4) of Section 18, in Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon. Said parcel of land is described with reference to the Oregon Coordinate System, South Zone (NAD83/91), more particularly described as follows:

Beginning at a point that bears S.14°09'11"E., 1053.18 feet from the West Quarter Corner of said Section 18; thence S.02°45'54"E., 416.51 feet; thence N.87°13'30"E., 1943.44 feet; thence N.16°18'45"E., 32.75 feet; thence N.20°00'27"E., 44.80 feet; thence N.14°15'06"E., 30.39 feet; thence N.12°02'25"E., 16.90 feet; thence N.13°04'36"E., 44.81 feet; thence N.09°28'58"E., 45.44 feet; thence N.00°08'27"W., 45.59 feet; thence N.06°00'20"W., 43.42 feet; thence N.15°07'32"W., 44.21 feet; thence N.25°16'54"W., 43.00 feet; thence N.27°27'32"W., 43.42 to a point that bears S.24°28'33"W., 982.35 feet from the Center Quarter Corner of said Section 18; thence S.87°13'39"W., 1962.13 feet to the point of beginning.

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow
of April A.D., 1999 at 3:20 o'clock P. M., and duly recorded in Vol. M99
of Mortgages on Page 15724 the 27th day

FEE \$20.00

Linda Smith, County Clerk
by Linda Smith