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Vol M03 Page 50188

Recording Requested By  
And When Recorded Mail To:  
Rosalee A. Mahoney  
Orrick, Herrington & Sutcliffe LLP  
224 NW 13th Avenue, Suite 300  
Portland, OR 97209

State of Oregon, County of Klamath  
Recorded 07/17/2003 2:29 p. m.  
Vol M03 Pg 50188-94  
Linda Smith, County Clerk  
Fee \$ 61.00 # of Pgs 7

Until a Change is Requested,  
All Tax Statements Should Be  
Sent to the Following Address:

No change

### AGREEMENT FOR MODIFICATION OF MORTGAGES (Second Lien Obligations)

THIS AGREEMENT is made this 25<sup>th</sup> day of June, 2003, by and between the CITY OF KLAMATH FALLS, OREGON, a municipality incorporated under the laws of the State of Oregon, ("Mortgagor"), and U.S. BANK NATIONAL ASSOCIATION, formerly known as U.S. Bank Trust National Association, a national banking association under the Indenture (defined below) for the benefit of the Second Lien Bond Holders and all other Secured Lien Obligations issued or entered into and to be issued or entered into under or pursuant to the Indenture (the "Mortgagee").

#### RECITALS

WHEREAS, Mortgagor entered into an Indenture of Trust dated as of April 1, 1999 (the "Indenture") by and between the Mortgagor and Mortgagee, for the issuance of its Senior Lien Electric Revenue Refunding Bonds, Series 1999 (Klamath Cogeneration Project), \$60,000,000 Taxable Second Lien Electric Revenue Bonds, Series 1999 (Klamath Cogeneration Project) (the "Second Lien Bonds"); and

WHEREAS, as a condition to the issuance of the Second Lien Bonds, Mortgagor entered into the following agreements, among others: (i) that certain Leasehold Mortgage, Security Agreement, Assignment of Rents and Fixture Filing dated effective April 1, 1999, recorded in Klamath County, Oregon in Book M-99, Page 15663 on April 27, 1999 ("Leasehold Mortgage"); and (ii) that certain Chattel Mortgage Filing dated effective April 1, 1999, recorded in Klamath County, Oregon in Book M-99, Page 15724 on April 27, 1999 ("Chattel Mortgage"). The Leasehold Mortgage and the Chattel Mortgage are collectively referred to herein as the "Mortgages;" and

WHEREAS, the boundaries of the Leased Premises as described in the Leasehold Mortgage have been modified to conform to actual surveys as developed during construction, as described in the Lease Supplement dated effective on August 23, 2000, recorded in Klamath County, Volume M02, Page 71864-80 on December 10, 2002 ("Lease Supplement"); and

WHEREAS, the parties hereto wish to modify the description of Leased Premises in the Mortgages to conform to the Lease Supplement.

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree to the modifications of the Mortgages as follows:

1. **Modification of Legal Description.** The description of the Leased Premises described in the Mortgages is hereby replaced in its entirety by the attached Exhibit A, and the Leased Premises shall be as depicted on the Exhibit A attached hereto and by this reference made a part hereof.

2. **Priority of Mortgages Not Affected.** The priority of the Mortgages shall not be affected by this Agreement

3. **All Other Terms Unmodified.** Except as specifically provided herein, the Mortgages shall remain in full force and effect in accordance with their terms and conditions.

4. **Effect of Agreement.** This Agreement constitutes a modification of the Mortgages and is not, and shall in no circumstances whatsoever be construed as, a novation thereof and shall not adversely affect the priority of the Mortgages as first recorded.

5. **Counterparts.** This Agreement may be executed in any number of Counterparts, all of which shall constitute one and the same instrument and any party hereto may execute this Agreement by signing and delivering one or more Counterparts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

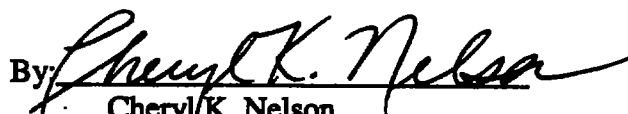
**MORTGAGOR:**

City of Klamath Falls, Oregon,  
as Mortgagor

By:   
Jeffrey D. Ball  
City Manager

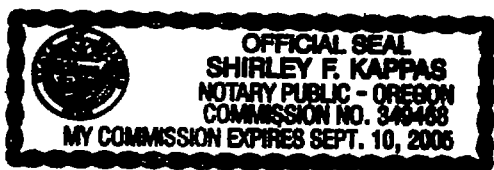
**MORTGAGEE:**

U.S. Bank National Association,  
as Trustee

By:   
Cheryl K. Nelson  
Vice President

State of Oregon                    )  
  ) ss.  
County of Klamath            )

This instrument was acknowledged before me on this 10th day of July, 2003, by Jeffrey D. Ball as City Manager of The City of Klamath Falls, Oregon, an Oregon municipal corporation, in its capacity as owner of the Klamath Cogeneration Project.



Shirley F. Kappas  
Notary Public for Oregon  
My Commission Expires: 9-10-05

State of Oregon  
County of Washington ss.



This instrument was acknowledged before me on this 25 day of June, 2003, by Cheryl K. Nelson as Vice President of U.S. Bank National Association, formerly known as United States National Bank of Oregon.

Jeanne Di Pasquale  
Notary Public for Oregon  
My Commission Expires: 8-12-03

*Exhibit A***KLAMATH COGENERATION PROJECT - COGENERATION PLANT SITE - EXHIBIT A/S-1**

A parcel of land located in the Northwest quarter of the Southwest quarter (NW 1/4 SW 1/4), the Northeast quarter of the Southwest quarter (NE 1/4 SW 1/4), and Government Lots 4 and 5 of Section 18, 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 South 24° 28' 33" West, 982.35 feet from the Center Quarter Corner of said Section 18, evidenced by a 2" iron pipe; thence South 27° 27' 32" East, 43.42 feet; thence South 25° 16' 54" East, 43.00 feet; thence South 15° 07' 32" East, 44.21 feet; thence South 06° 00' 20" East, 43.42 feet; thence South 00° 08' 27" East, 45.59 feet; thence South 09° 28' 58" West, 45.44 feet; thence South 13° 04' 36" West, 44.81 feet; thence South 12° 02' 25" West, 15.30 feet; thence South 81° 31' 36" West, 735.81 feet; thence South 64° 43' 42" West, 31.31 feet; thence South 08° 40' 42" East, 75.42 feet; thence South 87° 13' 48" West, 660.90 feet; thence North 02° 46' 12" West, 59.70 feet; thence North 88° 37' 32" West, 369.12 feet; thence North 75° 11' 09" West, 141.06 feet; thence North 69° 21' 26" West, 69.70 feet; thence North 02° 45' 41" West, 316.88 feet; thence North 87° 13' 39" East, 1954 feet; thence North 02° 46' 12" West, 12.93 feet; thence North 87° 13' 48" East 1906.00 feet; thence South 02° 46' 12" East, 12.84 feet; thence North 87° 13' 39" East, 36.59 feet to a point that bears South 24° 28' 33" West, 982.35 feet from the Center Quarter Corner of said Section 18.

**KLAMATH COGENERATION PROJECT - ACCESS ROAD EASEMENT - EXHIBIT B/S-1**

A parcel of land located in the Northeast quarter of the Southwest quarter (NE 1/4 SW 1/4), Government Lots 2, 3 and 4, and the Southwest quarter of the Northeast quarter (SW 1/4 NE 1/4) of Section 18, 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 South 24° 28' 33" East, 982.35 feet from the Center Quarter Corner of said Section 18, evidenced by a 2" iron pipe; thence North 37° 13' 39" East, 33.01 feet; thence South 27° 27' 32" East, 30.20 feet; thence South 25° 16' 54" East, 46.24 feet; thence South 15° 07' 32" East, 49.27 feet; thence South 06° 00' 20" East, 47.35 feet; thence South 00° 08' 27" East, 49.85 feet; thence South 09° 28' 58" West, 48.90 feet; thence South 13° 04' 36" West, 24.97 feet; thence South 04° 53' 27" West, 55.90 feet to a point of curvature; thence on a curve to the left, with a radius of 205.93 feet, and an arc distance of 241.39 feet (chord South 28° 41' 24" East, 227.81 feet); thence South 62° 16' 16" East, 4.80 feet to a point of curvature; thence on a curve to the left, with a radius of 157.25 feet, and an arc distance of 220.88 feet (chord North 77° 29' 19" East, 203.16 feet); thence North 37° 15' 06" East, 83.60 feet to a point of curvature; thence on a curve to the right, with a radius of 1001.89 feet, and an arc distance of 107.42 feet (chord North 40° 03' 33" East, 107.37 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 1779.19 feet, and an arc distance of 95.58 feet (chord North 50° 39' 22" East, 95.57 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 934.28 feet, and an arc distance of 96.19 feet (chord North 57° 11' 42" East, 96.15 feet) to a point of reverse curvature; thence on a curve to the left, with a radius of 175.31 feet, and an arc distance of 90.95 feet (chord North 50° 27' 12" East, 89.93 feet); thence North 39° 06' 48" East, 982.11 feet to a point of curvature; thence on a curve to the left, with a radius of 1935.50 feet, and an arc distance of 98.96 feet (chord North 37° 38' 55" East, 98.94 feet); thence North 36° 11' 03" East, 158.91 feet to a point of curvature; thence on a curve to the left, with a radius of 481.43 feet, and an arc distance of 235.23 feet (chord North 22° 01' 11" East, 232.90 feet); thence North 08° 11' 19" East, 440.87 feet to a point of curvature; thence on a curve to the left, with a radius of 684.88 feet, and an arc distance of 97.00 feet (chord North 04° 07' 52" East, 96.92 feet); thence North 00° 04' 26" East, 43.74 feet to a point of curvature; thence

on a curve to the left, with a radius of 344.08 feet, and an arc distance of 93.92 feet (chord North 07° 44' 45" West, 93.62 feet); thence North 15° 33' 56" West, 133.49 feet to a point of curvature; thence on a curve to the right, with a radius of 70.00 feet and an arc distance of 75.65 feet (chord North 15° 23' 41" East, 7202 feet); thence North 46° 21' 17" East, 18.08 feet to a point on the Westerly right of way line of U.S. Highway 97; thence along said U.S. Highway 97 right of way South 13° 20' 54" East, 46.94 feet to a point of curvature; thence leaving said US Highway 97 right of way on a curve to the left, with a radius of 30.00 feet, and an arc distance of 26.79 feet (chord South 10° 01' 16" West, 25.91 feet); thence South 15° 33' 56" East, 133.49 feet to a point of curvature; thence on a curve to the right, with a radius of 384.08 feet, and an arc distance of 104.84 feet (chord South 07° 44' 45" East, 104.51 feet); thence South 00° 04' 26" West, 43.74 feet to a point of curvature; thence on a curve to the right with a radius of 724.88 feet, and an arc distance of 102.67 feet (chord South 04° 07' 52" West, 102.58 feet); thence South 08° 11' 19" West, 440.87 feet to a point of curvature; thence on a curve to the right, with a radius of 521.43 feet, and an arc distance of 254.78 feet (chord South 22° 11' 11" West, 252.25 feet); thence South 36° 11' 03" West, 158.91 feet to a point of curvature; thence on a curve to the right, with a radius of 1975.50 feet, and an arc distance of 101.00 feet (chord South 37° 38' 55" West, 100.99 feet); thence South 39° 06' 48" West, 982.11 feet to a point of curvature; thence on a curve to the right, with a radius of 213.87 feet, and an arc distance of 21.16 feet (chord South 38° 57' 08" West, 21.16 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 213.87 feet, and an arc distance of 86.16 feet (chord South 53° 19' 43" West, 85.58 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 894.28 feet, with an arc distance of 89.66 feet (chord South 57° 09' 48" West, 89.63 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 1739.19 feet, and an arc distance of 25.98 feet (chord South 51° 44' 36" West, 25.98 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 1739.19 feet, and an arc distance of 64.63 feet (chord South 50° 15' 03" West, 64.63 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 961.89 feet, and an arc distance of 101.05 feet (chord South 39° 59' 49" West, 101.01 feet); thence South 37° 15' 05" West, 83.78 feet to a point of curvature; thence on a curve to the right, with a radius of 197.25 feet, and an arc distance of 277.06 feet (chord South 77° 29' 19" West, 254.84 feet); thence North 62° 16' 16" West, 4.80 feet to a point of curvature; thence on a curve to the right, with a radius of 245.93 feet, and an arc distance of 288.28 feet (chord North 28° 41' 24" West, 272.06 feet); thence North 04° 53' 27" East, 23.15 feet; thence North 81° 31' 36" East, 5.60 feet; thence North 12° 02' 25" East, 15.28 feet; thence North 13° 04' 36" East, 44.81 feet; thence North 09° 28' 58" East, 45.44 feet; thence North 00° 08' 27" West, 45.59 feet; thence North 06° 00' 20" West, 43.42 feet; thence North 15° 07' 32" West, 44.21 feet; thence North 25° 16' 54" West 43.00 feet; thence North 27° 27' 32" West, 43.42 feet to the point of beginning.

#### **KLAMATH COGENERATION PROJECT - COOLING WATER & WASTEWATER PIPELINE EASEMENT - EXHIBIT B/S-2**

A parcel of land located in the Northeast quarter of the Southwest quarter (NE 1/4 SW 1/4), Government Lots 2 and 4, and the Southwest quarter of the Northeast quarter (SW 1/4 NE 1/4) of Section 18, 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 South 34° 55' 30" West, 1566.46 feet from the Center Quarter Corner of said Section 18, evidenced by a 2" Iron pipe; thence North 81° 31' 36" East, 15.00 feet; thence South 09° 07' 14" East, 20.51 feet; thence North 80° 52' 46" East, 143.53 feet; thence North 09° 07' 14" West 18.72 feet; thence North 80° 52' 46" East, 15.00 feet; thence South 09° 07' 14" East, 18.72 feet; thence North 80° 52' 46" East, 139.35 feet; thence South 79° 25' 36" East, 463.53 feet; thence North 65° 19' 19" East, 465.91 feet to a point of curvature; thence on a curve to the left, with a radius of 234.77 feet, an arc distance of 49.23 feet (chord of North 51° 04' 11" East, 48.77 feet); thence on a compound curve to the left, with a radius of 232.25 feet, an arc distance of 21.16 feet (chord of North 38° 53' 06" East, 21.16 feet); thence North 39° 06' 48" East, 982.11 feet to a point of curvature; thence on a curve to the left, with a radius of 1975.50 feet, and an arc distance of 101.00 feet (chord of North 37° 38' 55" East, 100.99 feet); thence North 36° 11' 03" East, 158.91 feet to a point of curvature; thence on a curve to the left, with a radius of 521.43 feet, an arc distance of 254.78 feet (chord of North 22° 11' 11" East, 252.25 feet); thence North 08° 11' 19" East, 440.87 feet to a point of curvature; thence on a curve to the left, with a radius of 724.08 feet, an arc distance of 102.67 feet (chord North 04° 07' 52" East, 102.58 feet); thence North 00° 04' 26"

East, 43.74 feet to a point of curvature; thence on a curve to the right, with a radius of 384.08 feet, an arc distance of 104.84 feet (chord of North 07° 44' 45" West, 104.61 feet); thence North 15° 33' 58" West, 133.49 feet to a point of curvature; thence on a curve to the right, with a radius of 30.00 feet, an arc distance of 26.79 feet (chord North 10° 01' 16" East, 25.91 feet); thence South 13° 20' 59" East, 171.13 feet; thence South 19° 43' 27" East, 29.76 feet; thence South 19° 43' 25" East, 46.80 feet; thence South 00° 04' 18" West, 62.78 feet to a point of curvature; thence on a curve to the right, with a radius of 744.52 feet, an arc distance of 105.51 feet (chord South 04° 07' 54" West, 105.42 feet); thence South 08° 11' 29" West, 440.85 feet to a point of curvature; thence on a curve to the right, with a radius of 541.70 feet, an arc distance of 261.92 feet (chord South 22° 10' 55" West, 261.92 feet); thence South 36° 10' 21" West, 157.47 feet to a point of curvature; thence on a curve to the right, with a radius of 17742.82 feet, an arc distance of 104.87 feet (chord South 37° 38' 30" West, 104.85 feet); thence South 39° 06' 40" West, 1003.76 feet to a point of curvature; thence on a curve to the right, with a radius of 254.77 feet, an arc distance of 55.06 feet (chord South 51° 05' 51" West, 54.95 feet); thence South 65° 19' 19" West 473.70 feet; thence North 79° 25' 36" West, 466.41 feet; thence South 80° 52' 46" West, 309.41 feet; thence North 09° 07' 14" West, 40.68 feet to the point of beginning.

#### **KLAMATH COGENERATION PROJECT - POTABLE WATER PIPELINE EASEMENT - EXHIBIT B/S-3**

A right of way 15 feet wide over and across the Northwest quarter of the Southwest quarter (NW 1/4 SW 1/4) of Section 18, Township 39 South, Range 9 East and the Northeast quarter of the Southeast quarter (NE 1/4 SE 1/4) of Section 13, Township 39 South, Range 8 East of the Willamette Meridian, in Klamath County, State of Oregon. The boundaries of said right of way lie 7.5 feet each side of, and parallel with, the centerline and are to be extended or shortened to terminate at the Klamath Cogeneration Plant boundary and property lines. The centerline is described with reference to the Oregon Coordinate System, South Zone (NAD83/91), as follows:

Beginning at a point on the West line of the Klamath Cogeneration Plant that bears South 11° 34' 47" East, 1357.33 feet from the East Quarter Corner of said Section 13, evidenced by a 1 1/2" iron pipe; thence North 37° 17' 39" West, 23.71 feet; thence North 82° 17' 39" West, 989.09 feet; thence North 59° 47' 39" West, 31.76 feet; thence North 14° 54' 43" West, 118.58 feet to a point that bears South 36° 40' 11" West, 1306.15 feet from the East Quarter Corner of said Section 13.

#### **KLAMATH COGENERATION PROJECT - RAILROAD ACCESS EASEMENT - EXHIBIT B/S-4**

A parcel of land located in Government Lot 2 and 3 of Section 18, Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County, Oregon. Said parcel of land is generally shown on the Exhibit B/S-4 sketch attached hereto.