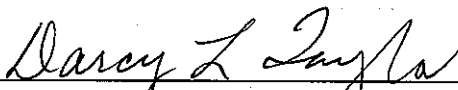


NOTICE OF SPECIAL MEETING
POCATELLO DEVELOPMENT AUTHORITY
November 28, 2012

The Board of Commissioners of the Pocatello Development Authority will hold a special meeting at 11:00 a.m. on Wednesday, November 28, 2012, in the Iwamizawa Conference Room at City Hall, 911 North 7th, Pocatello, Idaho, to consider the passage of an ordinance to provide for the refunding of the Authority's prior bonds, and to authorize the issuance of up to \$6,700,000.00 principal amount of revenue allocation bonds in the North Yellowstone Urban Renewal Area and Tax Increment Financing District.

Dated this 20th day of November, 2012.



Darcy L. Taylor, Secretary

Pocatello Development Authority

Board of Commissioners Meeting
SPECIAL MEETING
November 28, 2012 – 11:00 a.m.
Iwamizawa Conference Room

City of Pocatello
911 North 7th Avenue
Pocatello, Idaho 83205

An urban renewal agency for the City of Pocatello, Idaho

11:00 a.m.

Call to order – Ryan Ward

Acknowledge guests of the Board

Disclosure of conflicts of interest

Agenda – add or delete action or discussion items

Action and Discussion Items:

North Yellowstone Bond Refinance & Public Comment

Vote on Ordinance No 2012-1

Adjourn

MEMORANDUM FOR: Pocatello Development Authority Board Members

FROM: David Swindell, Chief Financial Officer, City of Pocatello

SUBJECT: Summary of Draft PDA Bond Ordinance

DATE: November 16, 2012

1. **FOR INFORMATION.**

2. **Purpose.** To summarize information relating the draft bond ordinance.

3. **Discussion.**

a. **General.** The Board directed staff to engage in a refinancing process for the Pocatello Development Authority (PDA) debt in the North Yellowstone District. The debt was taken on in 2004 to finance the roads and infrastructure in this area and carries annual debt service of approximately \$680,000 per year thru 2028 with interest rates ranging from 5.5% to 6.0%. The goal of the refinancing is to reduce the interest rate to about 3% and reduce the term from 2028 to 2024 or sooner. The authority will contribute \$1M in new equity in addition to taking advantage of a lower interest rate structure.

b. **Process.** The PDA needs to authorize the chairman to sign various documents and needs to notify the public that it is doing so, offering them a chance to challenge the proceedings. This is done by publishing notice of a meeting at which the Board will consider a "bond ordinance" and then allowing 30 days to elapse before closing on the transaction. In the mean time, the deal goes to market and gets final pricing.

c. **About the Bond Ordinance.** The attached draft ordinance was prepared by our legal bond counsel (Rick Skinner). It is a draft ordinance in that certain aspects are yet to be determined (the exact interest rate, etc.). Therefore, the draft contains items expressed as a range or not to exceed, etc. When the bonds go to market, if the result is within the approved range, then the Chairman is authorized to sign and the deal goes thru. Key items include:

- **Interest Rate:** not to exceed 4.00% (we're hoping for 3.00% or less, but if the market wouldn't get us a reduction to at least 4.00% we'd walk away and reconsider).
- **Aggregate Amount:** not to exceed \$6,700,000 (original amount was \$7,755,000, but we've since paid back \$865,000 in principal and with the \$1M equity contribution, \$6.7M is more than enough authority to carry out the refinance).
- **Net Present Value (NPV) of refunding:** to achieve at least \$500,000 (we're hoping for more than twice that, perhaps \$1.2M or more – but if couldn't achieve at least \$500,000 NPV, we'd walk away and reconsider)

d. Calendar:

November 21, 2012	Public notice published
November 28, 2012	Special PDA meeting to consider bond ordinance
Week of Dec 10-14	Piper Jaffery brings issue to market
December 28, 2012	30 day protest opportunity closes
On or about January 3, 2013	Transaction closing

e. Other aspects of the ordinance. Most of it is similar to the original PDA ordinance adopted back in 2004. The debt service on the bonds has the highest priority on the financial resources compared to other debt and other projects. Summarized from section 9, page 19, the order of priority is:

- 1) pay interest on the bonds
- 2) pay principal on the bonds
- 3) fund the debt service reserve fund
- 4) fees and expenses of the trustee (Zion's Bank is new trustee vs. Wells Fargo)
- 5) pay for repairs, additions or improvements to the "project" or any new project.

f. Staff Recommendation. Staff recommends adoption of the draft bond ordinance. We believe we can achieve the Board's goal of shortening the debt significantly. In turn, this reduces risk in this district and would enable the Board to consider closing the district early or using district resources for additional projects vs. debt service.



ORDINANCE NO. 2012-1

of the

POCATELLO DEVELOPMENT AUTHORITY

concerning

REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BONDS, 2012 SERIES A

in the aggregate principal amount of up to

\$6,700,000



**Pocatello Development Authority Revenue Allocation
(Tax Increment) Refunding Bonds, 2012 Series A**

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ORDINANCE NO. 2012-1

BY THE BOARD OF COMMISSIONERS OF THE POCATELLO DEVELOPMENT AUTHORITY:

AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF THE POCATELLO DEVELOPMENT AUTHORITY, PROVIDING FOR THE REFUNDING OF THE AGENCY'S PRIOR BONDS, SPECIFYING AND ADOPTING A PLAN TO REFUND THE PRIOR BONDS TO REFINANCE VARIOUS PROJECTS FACILITIES AND RELATED IMPROVEMENTS; AUTHORIZING THE ISSUANCE OF UP TO \$6,700,000 PRINCIPAL AMOUNT OF REVENUE ALLOCATION BONDS; DESCRIBING SAID BONDS; PROVIDING FOR THE COLLECTION, HANDLING AND DISPOSITION OF REVENUE ALLOCATION PROCEEDS; AUTHORIZING AND CREATING CERTAIN FUNDS AND ACCOUNTS FOR USE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND A BOND PURCHASE AGREEMENT; PROVIDING FOR AN EFFECTIVE DATE OF THIS ORDINANCE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

REVENUE ALLOCATION (TAX INCREMENT) REFUNDING BONDS, 2012 SERIES A PRINCIPAL AMOUNT OF UP TO \$6,700,000

WHEREAS, the POCATELLO DEVELOPMENT AUTHORITY (herein referred to as the "Agency"), an independent public body corporate and politic, is an urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Title 50, Chapter 20, Idaho Code as amended and supplemented, and possessing revenue allocation financing powers under Title 50, Chapter 29, Idaho Code, as amended and supplemented (collectively, the "Law"); and

WHEREAS, the Agency is authorized to conduct proceedings and to issue revenue allocation bonds pursuant to the terms and provisions of the Law, for the purpose of financing and refinancing the undertaking of any urban renewal project under the Law; and

WHEREAS, the City Council of the City of Pocatello, Idaho (the "City"), after notice duly published, conducted a public hearing on the Urban Renewal Plan for the North Yellowstone Urban Renewal Area Plan (the "Urban Renewal Plan"); and

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 2741 on July 15, 2012, approving the Urban Renewal Plan and making certain findings; and

WHEREAS, on December 23, 2004, the Agency issued its Revenue Allocation (Tax document) Bonds 2004 Series A (the "Prior Bonds") pursuant to the Agency's Ordinance No. 2004-1 adopted on December 8, 2004, in order to finance a portion of the Urban Renewal Plan

by constructing various street, water system, sewer system, storm sewer improvements and other related improvements (the "Project"); and

WHEREAS, in order to refund all outstanding Prior Bonds, the Agency now desires to authorize the issuance, sale and delivery of revenue allocation bonds in the principal amount of up to \$6,700,000 to provide funds to be used for refunding the Prior Bonds and thereby refinancing the Project; and

WHEREAS, on November 21, 2012, a notice of negotiated bond sale was published in The Idaho State Journal, a newspaper of general circulation in the City, as required by Idaho Code, Section 50-2012 as amended; and

WHEREAS, the Agency intends to execute a Continuing Disclosure Agreement in order to comply with the continuing disclosure requirements of SEC Rule 15c2-12(b)(5); and

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE POCATELLO DEVELOPMENT AUTHORITY, as follows:

SECTION 1: DEFINITIONS. For all purposes of this Bond Ordinance, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

"Accountant's Certificate" shall mean a certificate signed by the City Treasurer or an independent certified public accountant of recognized standing or a firm of independent public accountants of recognized standing, selected by the Agency and acceptable to the Trustee (which acceptance shall not be unreasonably withheld), who may be the accountant or firm of accountants who regularly audit the books of the Agency, provided that, if the Trustee shall fail to so accept, it shall deliver to the Agency a statement of its reasons for such nonacceptance.

"Additional Bonds" shall mean any bonds which the Agency may hereafter issue pursuant to Section 21 hereof having a lien upon the Pledged Revenues for the payment of the principal thereof and interest thereon equal to the lien upon the Pledged Revenues of the Bonds.

"Agency" shall mean the Pocatello Development Authority, an urban renewal agency created by and existing under the authority of the Law as an independent public body corporate and politic.

"Annual Budget" shall mean the annual budget of the Agency, as amended or supplemented, adopted or in effect for a particular Fiscal Year.

"Authorized Officer" of the Agency shall mean the Chairman, Vice Chairman, Executive Director, Secretary, Treasurer or any officer or employee of the Agency authorized to perform specific acts or duties pursuant to the Law, the bylaws of the Agency or a resolution duly adopted by the Agency.

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to the Bonds which are held by the Depository under a book entry system.

“Board” shall mean the Board of Commissioners of the Agency as the same shall be duly and regularly constituted from time to time.

“Bond” or “Bonds” shall mean the revenue allocation bonds herein authorized to be issued, sold and delivered in the approximate aggregate principal amount of up to \$6,700,000 for purposes of refunding the Prior Bonds, acquiring and constructing the Project.

“Bond Counsel” shall mean Skinner Fawcett LLP, Boise, Idaho, or another nationally recognized bond counsel acceptable to the Agency.

“Bond Fund” shall mean the fund designated “Revenue Allocation Refunding Bond Fund, Series 2012,” created by Section 12 of this Bond Ordinance.

“Bond Ordinance” shall mean this Ordinance No. 2012-1, adopted by the Board on November 28, 2012, authorizing the issuance of the Bonds.

“Bond Register” shall mean the registration records of the Agency, maintained by the Registrar, on which shall appear the names and addresses of the Registered Owners of the Bonds.

“Bond Year” shall mean the twelve-month period beginning October 1 and ending on the following September 30, provided that the first Bond Year shall commence on the date of issuance of the Bonds and end on the next September 30, and the last Bond Year shall terminate upon retirement of the Bonds.

“Business Day” shall mean a day on which banks located in the state of Idaho are open for the purpose of conducting commercial banking business.

“Cede” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC.

“Chairman” shall mean the Chairman of the Board or any presiding officer or titular head of the Board, or his/her successor in functions.

“City” shall mean the City of Pocatello, Idaho.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

“Consultant’s Report” shall mean a report signed by an independent financial consultant or an independent redevelopment consultant as may be appropriate to the subject of the report, and including:

- (1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Bond Ordinance to which such report relates;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;
- (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said independent financial consultant or independent redevelopment consultant to express an informed opinion with respect to the subject matter referred to in the report.

“Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement between the Agency and the Trustee dated the date of issuance and delivery of the Bonds as originally executed and as it may be amended from time to time in accordance with the terms hereof.

“Cost of Acquisition and Construction” with respect to the Project shall include, together with any other proper item of cost not specifically mentioned herein, the cost of demolition, the cost of acquisition and construction of the Project and the financing thereof, the cost, whether incurred by it or another, of field surveys and advance planning undertaken in connection with the Project, and the cost of acquisition of any land or interest therein required as the sites thereof or for use in connection therewith, the cost of preparation of the sites thereof and of any land to be used in connection therewith, the cost of any indemnity and surety bonds and insurance premiums, allocable administrative and general expenses of the Agency, and allocable portions of inspection expenses, legal fees, fees and expenses of the Registrar, Paying Agent and the Trustee for the Bonds, cost of issuance of the Bonds, financing charges and fees and expenses of financial advisors and consultants in connection therewith, cost of audits, the cost of all machinery, apparatus and equipment, cost of engineering, the cost of utilities, architectural and engineering services, design, plans, specifications and surveys, estimates of cost, the payment of interest on the Bonds during construction of the Project, the payment of any notes of the Agency (including any interest and redemption premiums) issued to temporarily finance the payment of any item or items of cost of the Project and payable from the proceeds of the Bonds, and all other expense necessary or incident to determining the feasibility or practicability of the Project, and such other expenses not specified herein as may be necessary or incident to the construction and acquisition of the Project, the financing thereof and the placing of the same in use and operation.

“Costs of Issuance Fund” shall mean the fund designated “Revenue Allocation Refunding Bond Costs of Issuance Fund, Series 2012,” created by Section 11 of this Bond Ordinance.

“Debt Service” for any period shall mean, as of any date of calculation, an amount equal to the interest accruing and any payment of principal, including redemption price, during such period on the Bonds. Such Debt Service of the Bonds shall be calculated on the assumption that no portion of the Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of principal on the Bonds on the due date thereof.

"Depository" or "DTC" means The Depository Trust Company, New York, New York, and its successors and assigns or any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Bonds in book entry form.

"EMMA" means the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rule Making Board as provided for by the Securities and Exchange Commission and located at www.emma.msrb.org.

"Engineer" shall mean the City Engineer or other engineer appointed by the Agency for the Project.

"Escrow Agent" shall mean Zions First National Bank, and any successor thereto.

"Escrow Agreement" shall mean the Escrow Agreement between the Agency and the Escrow Agent.

"Fiscal Year" shall mean the fiscal year of the Agency which shall be set and, if necessary, changed by the Agency.

"Investment Securities" shall have the meanings set forth on Exhibit "C" hereto.

"Law" shall mean the Idaho Urban Renewal Law of 1965, being Title 50, Chapter 20, Idaho Code as amended and supplemented and The Economic Development Act of 1988, being Title 50, Chapter 29, Idaho Code, as amended and supplemented.

"Maximum Annual Debt Service" shall mean an amount equal to the greatest annual Debt Service with respect to the Bonds for the current or any future Bond Year. With respect to any term bonds, the payment of which is provided for by mandatory schedule of sinking fund deposits into the Bond Fund, the words "greatest annual Debt Service" shall be deemed to exclude from principal the term bond maturity payment, and from interest the interest on such term bonds subsequent to the date of each respective mandatory sinking fund deposit, and to include in lieu thereof the mandatory sinking fund deposits as of the date required and interest on term bonds provided for by such deposits only to the dates of the respective deposits.

"Net Proceeds," when used with reference to the Bonds, shall mean the aggregate principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

"Official Statement" means the official statement, disclosure memorandum or other disclosure document for the Bonds.

“Outstanding,” when used with reference to the Bonds, as of any particular date, shall mean the Bonds which have been issued, executed, authenticated and delivered under this Bond Ordinance, except (i) the Bonds (or portion thereof) cancelled because of payment or redemption prior to its stated date of maturity, and (ii) the Bonds (or portion thereof) cancelled because of payment or redemption of which there has been separately set aside and held money for the payment thereof.

“Participants” means those broker-dealers, banks, and other financial institutions from time to time for which DTC holds Bonds as securities depository.

“Paying Agent” shall mean [Zions First National Bank] any successor paying agents for the Bonds and the duties of such Paying Agent shall include those of registrar, authenticating agent, transfer agent and paying agent for the Bonds.

“Pledged Revenues” shall mean, for each Fiscal Year, the Revenue Allocation Revenues and the investment earnings on money held in the Revenue Allocation Fund, the Reserve Fund and the Bond Fund.

“Prior Bond Ordinance” means Ordinance No. 2004-1 of the Agency adopted on December 8, 2004.

“Prior Bonds” mean the Agency’s Revenue Allocation (Tax Increment) Bonds, 2004 Series A.

“Private Person” shall mean any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

“Private Person Use” shall mean the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to or by the Private Person on a day-to-day basis if the fee paid by such Private Person is the same as the fee paid by any Private Person who desires to rent or otherwise use the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expenses.

“Project” shall mean the acquisition and construction of the projects and facilities and certain other improvements, all as further described in Exhibit “A” attached hereto.

“Purchaser” shall mean the Underwriter.

“Rating Agency” shall mean the rating agency or agencies then rating the Bonds.

“Rebate Fund” shall mean the fund designated “Rebate Fund, Series 2012”, created by Section 13 of this Bond Ordinance.

“Registered Owner(s)” or “Owner(s)” shall mean the person or persons in whose name or names the Bonds shall be registered in the Bond Register maintained by the Trustee in accordance with the terms of this Bond Ordinance.

“Registrar” shall mean Zions First National Bank and its successors in interest which shall maintain the Bond Register and otherwise provide for the registration and authentication of the Bonds.

“Reserve Fund” shall mean the “Reserve Fund, Series 2012,” created under Section 14 hereof.

“Reserve Fund Requirement” shall mean an amount equal to the lesser of 10% of the original face amount of the Bonds, 125% of average annual Debt Service or Maximum Annual Debt Service.

“Revenue Allocation Area” shall mean the area so designated under the Urban Renewal Plan and such additional area as may be added by the Agency and approved by the City in accordance with the Law.

“Revenue Allocation Fund” shall mean the Revenue Allocation Fund, created by Section 9 of the Prior Bond Ordinance and as modified by Section 9 of this Bond Ordinance.

“Revenue Allocation Revenues” shall mean the incremental tax revenues received by the Agency from the Revenue Allocation Area pursuant to the Law, as provided in the Urban Renewal Plan.

“Tax Certificate” means the Tax Certificate of the Agency dated as of delivery of the Bonds and providing for matters governed by Section 148 and related sections of the Code.

“Terms Certificate” shall mean the certificate in substantially in the form set forth in Exhibit “F” attached hereto, signed by the Agency and the Underwriter setting forth certain terms for the Bonds that are within the parameters for the Bonds set forth in Section 3 hereof.

“Treasurer” shall mean the Treasurer of the Agency, or his/her successor in functions.

“Trustee” shall mean Zions First National Bank, Boise, Idaho, or its successors in functions, as now or hereafter designated.

“Underwriter” shall mean Piper Jaffray & Co., Portland, Oregon, as the original purchaser of the Bonds.

“United States” shall mean the United States of America.

"Urban Renewal Plan" or "Plan" shall mean that certain document entitled "North Yellowstone Urban Renewal Area Plan," adopted and approved by the City and the Agency, pursuant to the Law and City Ordinance No. 2741, approved July 15, 2004.

SECTION 2: THE PROJECT.

A. Project Description. The Project has been acquired and constructed and consists of the acquisition and construction of the facilities and improvements all as further described in Exhibit A attached hereto and incorporated herein by reference.

B. Cost of the Project. The total cost of the Project was approximately \$9,000,000, of which amount approximately \$6,000,000 was paid from the proceeds of the Prior Bonds.

SECTION 3: THE REVENUE ALLOCATION BONDS; REFUNDING OF PRIOR BONDS.

A. Bonds Authorized. In order to refund the Prior Bonds and refinance the Costs of Acquisition and Construction of a portion of the Project, to provide for a reserve fund and to pay the costs of issuing the Bonds, the Agency shall issue its obligations in the form of revenue allocation bonds, which are hereby authorized to be issued and designated "Pocatello Development Authority Revenue Allocation (Tax Increment) Refunding Bonds, 2012 Series A" (the "Bonds").

B. Description of Bonds. The Bonds shall be issued as serial or term bonds as provided in the Terms Certificate, shall be dated on or after December 1, 2012, shall be in the principal amount of up to \$6,700,000, shall be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof (provided that no single Bond shall represent more than one maturity).

The Bonds shall bear interest from their date, or from the most recent date to which interest has been paid or duly provided for, at the rates, the maturities and principal amounts for such maturities as set forth in the Terms Certificate, payable commencing February 1, 2013, and semiannually thereafter on each February 1 and August 1 until their respective dates of maturity or prior redemption, provided that such rates, amounts and maturities shall not exceed a true interest cost of 4.00%, an aggregate principal amount of \$6,700,000 and maturities not exceeding the final maturity of the Prior Bonds. In addition, the net present value savings of the refunding shall be at least \$500,000.

The Bonds shall be substantially in the form set forth in Exhibit B attached hereto and incorporated herein by reference. Said form may be altered to include appropriate term Bond and bond insurance provisions. The Bonds shall be numbered separately in the manner and with any additional designation as the Registrar shall deem necessary for purposes of identification. After execution, as hereinafter provided, by the proper officials of the Agency, the Bonds shall be authenticated by the Registrar.

C. Serial Bonds. The serial Bonds shall mature on August 1 of each year in the principal amount and bearing interest at the rates as set forth in the Bond Purchase Agreement.

D. Payment of Debt Service. Payment of each installment of interest shall be made to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month next preceding the interest payment date, and shall be paid by check or draft of the Paying Agent to be received by the Registered Owner at his address as it appears on such Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar.

Principal of the Bonds shall be payable to the Registered Owners, upon presentation and surrender of the Bonds on or after the date of maturity or prior redemption, at the principal corporate trust office of the Paying Agent.

E. Refunding Plan. The Escrow Agreement is hereby approved and authorized and the same, together with all documents relating thereto, may be executed by the Chairman and/or Secretary of the Agency. Zions First National Bank is hereby appointed as Escrow Agent. A portion of the proceeds of the Bonds in the amounts required under the Escrow Agreement, together with funds held under the Prior Bond Ordinance in the amounts set forth in the Escrow Agreement shall be applied as described in the Escrow Agreement to defease and refund the Prior Bonds in accordance with the provisions of the Escrow Agreement and the Prior Bond Ordinance and the Escrow Agent shall give such notices of defeasance and redemption and shall redeem the Prior Bonds as provided in the Escrow Agreement. Further, revenue allocation revenues in the amount to be specified in the Terms Certificate currently held in the funds for the Agency's Prior Bonds, shall be transferred to the Escrow Fund in order to pay and redeem the Prior Bonds. Any moneys remaining in said fund after payment in full of the said Prior Bonds may be sent to the Agency and applied to payment of the costs of an urban renewal project under the Plan.

F. Book-Entry System.

(1) The Bonds shall be initially executed and delivered in the form of a separate single certificated, fully registered Bond for each of the maturities set forth in Section 3.F(4)(ii) hereof. Upon initial issuance, the ownership of such Bond shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. Except as provided in Section 3.E(4)(ii) hereof, all of the outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC.

(2) With respect to Bonds registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no

responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Registered Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Trustee, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Agency and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Owner shall pay all principal of, premium, if any, and interest evidenced by the Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Trustee, as provided in Section 8.B hereof, or their respective attorneys duly authorized in writing, by wire transfer and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal of, premium, if any, and interest evidenced by the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligations of the Agency to make payments on the Bonds. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the word "Cede" in this Bond Ordinance shall refer to such new nominee of DTC.

(3) A Letter of Representations in standard form approved by DTC (the "Letter of Representations") is hereby authorized and the Agency shall execute and deliver such Letter of Representations. The approval of the Agency shall be conclusively established by its execution and delivery of the Letter of Representations which shall not in any way impose upon the Agency any obligations whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the Agency in the Letter of Representations with respect to the Trustee, acting as payment agent and registrar respectively, to at all times be complied with.

(4) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Agency or the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Agency in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if it determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) A continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 3.F(4)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 3.F(4)(i) or subsection 3.F(4)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Agency, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated to deliver Bonds at the expense of the Agency unless the discontinuance or termination of DTC is requested by the beneficial Owners, and then at the expense of the beneficial Owners, as described in this Bond Ordinance and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be required in whatever name or names Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Bond Ordinance.

(5) Notwithstanding any other provision of this Bond Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations

SECTION 4: MANNER OF PAYMENT. Both principal of and interest on the Bonds are payable in lawful money of the United States by the Paying Agent to the Registered Owner thereof, whose name and address shall appear on the registration books of the Agency (the Bond Register”), maintained by the Registrar. Such payment shall be made by the Paying Agent from moneys transferred by the Trustee to the Paying Agent from the Bond Fund, in accordance with this Bond Ordinance.

SECTION 5: REDEMPTION PRIOR TO MATURITY

A. (1) Optional Redemption. Bonds maturing on the dates set forth in the Terms Certificate, shall not be subject to redemption prior to their respective maturity dates provided that the Agency may reserve the right, at its option, to redeem the Bonds maturing after such dates as provided in the Terms Certificate, in whole or in part (in inverse order of maturity and by lot within a maturity in

such manner as the Registrar shall determine), on any interest payment date, at the redemption price of par plus accrued interest to the date fixed for redemption.

(2) **Mandatory Sinking Fund Term Bond Redemption.** The Bonds shall be subject to mandatory redemption in part on any date and in any order of maturity to the extent and as provided by the Terms Certificate.

In accordance with the preceding paragraph, portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple of \$5,000, may also be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal corporate trust office of the Registrar, there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, with like maturity and interest rate in any of the denominations authorized by this Bond Ordinance.

B. Notice of Redemption. Unless waived by the Registered Owner of any Bond to be redeemed, notice of any such redemption shall be sent by the Registrar by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, to the Registered Owner of each Bond to be redeemed at the address shown on the Bond Register. This requirement shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of any Bond to be redeemed. The expenses of giving notice and any other expenses of redemption shall be borne by the Agency.

C. Effect of Redemption. When so called for redemption, such Bonds shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and such Bonds shall not be deemed to be outstanding as of such redemption date.

D. Voluntary Redemption Notice. In addition to the notice required by subsection B above, effort shall be made to give further notice by the Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in said subsection B.

(1) Each further notice of redemption given hereunder may contain the following information;

(a) the redemption date;

(b) the redemption price;

(c) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

- (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;
 - (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registrar;
 - (f) the CUSIP numbers of all Bonds being redeemed;
 - (g) the date of issue of the Bonds as originally issued;
 - (h) the rate of interest borne by each Bond being redeemed;
 - (i) the maturity date of each Bond being redeemed; and
 - (j) any other descriptive information needed to identify accurately the Bonds being redeemed.
- (2) Each further notice of redemption may be sent at least thirty-five (35) days before the redemption date by registered or certificated mail or overnight delivery service to:

- (a) all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, such depositories now being: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530; or, in accordance with the then current guidelines of the Securities and Exchange Commission, to such address and/or such other securities depositories or any such other depositories as the Issuer may designate in writing to the Trustee.
- (b) to one or more of the national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Municipal and Government, or Standard & Poor's Called Bond Record).
- (c) to EMMA.

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

SECTION 6: EXECUTION OF THE BONDS. Without unreasonable delay, the Agency shall cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be typed, lithographed or printed with steel engraved or lithographed borders. The Bonds shall be

executed on behalf of the Agency by the Chairman and shall be attested by the Secretary (all of which may be by facsimile or manual signature), and shall have the seal of the Agency impressed or imprinted thereon.

The Bonds shall then be authenticated. Only the Bonds bearing thereon a Certificate of Authentication in the form hereinafter recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Ordinance, and such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this Bond Ordinance.

In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Agency before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar, or issued by the Agency, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Agency as though those who signed and attested the same had continued to be such officers of the Agency. Any Bond may also as at the actual date of execution of such Bond shall be the proper officers of the Agency although at the original date of such Bond any such person shall not have been such officer of the Agency.

SECTION 7: SALE OF THE BONDS. The sale of the Bonds to the Underwriter pursuant to a bond purchase contract in the form presented to this meeting, is hereby approved, provided that the true interest rate on the Bonds does not exceed 4.00% per annum, the final maturity of the Bonds does not exceed August 1, 2024, the aggregate principal amount of the Bonds does not exceed \$6,700,000 and the net present value of the refunding is at least \$500,000. A Terms Certificate setting forth the final terms of the Bonds shall be filed with the Agency and Trustee at or before the date of issuance and delivery of the Bonds. The Continuing Disclosure Agreement is also approved and the Chairman, Vice Chairman or Executive Director of the Agency is authorized to deem final the preliminary Official Statement under SEC Rule 15c2-12, and a final Official Statement is hereby approved for distribution by the Underwriter. The Chairman, Vice Chairman and Executive Director are authorized to execute the final Official Statement and all related documents.

The proceeds of the Bonds shall, upon delivery thereof, be applied as follows:

- (1) The Reserve Requirement shall be deposited to the Reserve Fund.
- (2) The balance thereof shall be deposited to the Costs of Issuance Fund and Escrow Fund as provided in the Terms Certificate.

The proper officials of the Agency are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bonds and the Bond Purchase Agreement and for the proper use and application of the proceeds of sale thereof, and further all other documents related to the Project and the sale and issuance of the Bonds. The Chairman, Vice-Chairman, Executive Director, Secretary or Treasurer are authorized to execute the Bond Purchase Agreement, any Agreement concerning bond insurance, Official Statement and

Continuing Disclosure Agreement on behalf of the Agency and any and all related documents with such modifications as such official shall approve, which approval shall be signified by his or her execution of such document.

SECTION 8: TRUSTEE REGISTRAR AND PAYING AGENT.

A. Trustee; Acceptance of Duties. Zions First National Bank, Boise, Idaho is hereby appointed as Trustee, and may also act as bond registrar, authenticating agent, paying agent and transfer agent with respect to the Bonds if those duties are not assumed by another institution, subject to the following terms and conditions:

(i) The Registrar shall keep, or cause to be kept at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency.

(ii) Subject to the terms of any agreement with the Trustee, the Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Bond Ordinance, together with reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agent and employees, incurred in good faith in and about the performance of their powers and duties under this Bond Ordinance.

(iii) The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(iv) Any Trustee, Registrar or Paying Agent may become the Registered Owner of Bonds with the same rights it would have if it were not a Trustee, Registrar or Paying Agent and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners.

The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Bond Ordinance by executing and delivering to the Agency a written acceptance thereof, and upon executing such acceptance the Trustee shall be deemed to have accepted the duties and obligations with respect to all of the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Bond Ordinance.

B. Registrar and Paying Agent: Acceptance of Duties. Zions First National Bank is hereby appointed as Registrar and Paying Agent for the Bonds and shall carryout the responsibilities of Registrar and Paying Agent set forth in this Bond Ordinance. The Registrar and Paying Agent shall signify its acceptance of the duties imposed upon it under this Bond Ordinance by a written instrument of acceptance with the Agency.

C. Responsibilities of Trustee, Registrar and Paying Agent.

(i) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency and no Trustee, Registrar or Paying Agent assumes any responsibility for the correctness of the same. No Trustee, Registrar or Paying Agent makes any representations as to the validity or sufficiency of the Bond Ordinance or of any Bonds issued thereunder or as to the security afforded by the Bond ordinance, and no Trustee, Registrar or Paying Agent shall incur any liability in respect thereof. No Trustee, Registrar or Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid by such Trustee, Registrar or Paying Agent in accordance with the provisions of the Bond Ordinance to the Agency or to any other Trustee. No Trustee, Registrar or Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Trustee, Registrar or Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

(ii) the Trustee, Registrar and Paying Agent, prior to the occurrence of an Event of Default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Bond Ordinance. In case an event of default has occurred (which has not been cured) the Trustee, Registrar and Paying Agent shall exercise such of the rights and powers vested in it by the Bond Ordinance, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of the Bond Ordinance relating to action taken or to be taken by the Trustee, Registrar or Paying Agent or to evidence upon which the Trustee, Registrar or Paying Agent may rely shall be subject to the provisions of this Section 8(C).

D. Evidence on Which Trustees, Registrars or Paying Agents May Act.

(i) Each Trustee, Registrar or Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provisions of the Bond Ordinance, shall examine such instrument to determine whether it conforms to the requirements of the Bond Ordinance and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Trustee, Registrar or Paying Agent may consult with counsel, who may or may not be of counsel to the Agency, and the opinion of such counsel shall be full and complete and the authorization and protection in respect of any action taken or suffered by its under the Bond Ordinance in good faith and in accordance therewith.

(ii) Whenever any Trustee, Registrar or Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any caution under the Bond Ordinance, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Agency, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Bond Ordinance upon the faith thereof; but in its discretion the Trustee, Registrar or Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence to it may seem reasonable.

(iii) Except as otherwise expressly provided in the Bond Ordinance, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Agency to any Trustee, Registrar or Paying Agent shall be sufficiently executed in the name of the Agency by an Authorized Officer of the Agency.

E. Compensation. The Agency shall pay to each Trustee, Registrar or Paying Agent reasonable compensation for all services rendered under the Bond Ordinance and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Ordinance.

F. Resignation of Trustee, Registrar or Paying Agent. The Trustee, Registrar or Paying Agent, after a successor Trustee, Registrar or Paying Agent has been duly appointed and has accepted the duties of Trustee, Registrar or Paying Agent in writing, may at any time resign and be discharged of the duties and obligations created by the Bond Ordinance by giving not less than sixty (60) days' written notice to the Agency, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency as provided in Subsection H, in which event such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency as provided in Subsection H, in which event such resignation shall take effect immediately on the appointment of such successor.

G. Removal of Trustee, Registrar or Paying Agent. The Trustee, Registrar or Paying Agent may be removed at anytime upon giving thirty (30) days notice by an instrument in writing filed with such Trustee, Registrar or Paying Agent, the Rating Agency and the Agency.

H. Appointment of Successor Trustee, Registrar or Paying Agent.

(i) In case at any time the Trustee, Registrar or Paying Agent shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trust or of its property or affairs, a successor shall be appointed by the Agency.

(ii) If in a proper case no appointment of a successor Trustee, Registrar or Paying Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee, Registrar or Paying Agent shall have given to the Agency written notice as provided in Subsection F or after a vacancy in the office of the Trustee, Registrar or Paying Agent shall have occurred by reason of its inability to act, the Trustee, Registrar or Paying Agent shall apply to any court of competent jurisdiction to appoint a successor Trustee, Registrar or Paying Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee, Registrar or Paying Agent.

(iii) Any Trustee, Registrar or Paying Agent appointed under the provisions of this Subsection in succession to the Trustee, Registrar or Paying Agent shall be a bank or trust company or national banking association doing business, and having capital stock and surplus aggregating at least \$50,000,000, if there be such bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Ordinance.

I. Transfer of Rights and Property to Successor Trustee, Registrar or Paying Agent. Any successor Trustee, Registrar or Paying Agent appointed under the Bond Ordinance shall execute, acknowledge and deliver to its predecessor Trustee, Registrar or Paying Agent, and also to the Agency, an instrument accepting such appointment, and thereupon such successor Trustee, Registrar or Paying Agent, without any further act, shall become fully vested with all rights, powers, duties and obligations of such predecessor Trustee, Registrar or Paying Agent, with like effect as if originally named as Trustee, Registrar or Paying Agent; but the Trustee, Registrar or Paying Agent, ceasing to act shall, nevertheless, on the written request of the Agency, or of the successor Trustee, Registrar or Paying Agent, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee, Registrar or Paying Agent, all the right, title and interest of the predecessor Trustee, Registrar or Paying Agent in and to any property held by it under the Bond Ordinance, and shall pay over, assign and deliver to the successor Trustee, Registrar or Paying Agent any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Trustee, Registrar or Paying Agent for more fully and certainly vesting in and confirming to such successor Trustee, Registrar or Paying Agent any such estates, rights, power and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency. Any such successor Trustee, Registrar or Paying Agent shall promptly notify the Rating Agency and the paying agents of its appointments as Trustee, Registrar or Paying Agent.

J. Merger or Consolidation. Any company or corporation into which any Trustee, Registrar or Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee, Registrar or Paying Agent may sell or transfer all or

substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by the Bond Ordinance, shall be the successor to such Trustee, Registrar or Paying Agent without the execution or filing of any paper or the performance of any further act.

K. Successor Trustee, Registrar or Paying Agent; Qualifications.

Notwithstanding anything else in this Section to the contrary, any successor Trustee, Registrar or Paying Agent appointed pursuant to the provisions of this Section shall (i) be a trust company or bank in good standing, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, (ii) have a reported capital and surplus of not less than \$50,000,000, and (iii) have substantial prior experience as a trustee for the benefit of municipal bondholders.

SECTION 9: REVENUE ALLOCATION FUND. Pursuant to the Prior Bond Ordinance there was established a fund, held by the Trustee, separate and apart from all other funds of the Agency, designated the Revenue Allocation Fund, Series 2004 (the "Revenue Allocation Fund"). Said Fund is hereby continued for the Bonds and re-named the Revenue Allocation Fund, Series 2012. All future Pledged Revenues shall be promptly deposited upon receipt by the Agency with the Trustee in the Revenue Allocation Fund. Except as provided elsewhere in this Bond Ordinance, the Pledged Revenues deposited therein shall, except for payment of any Additional Bonds authorized under Section 21 hereof which shall be paid on parity with the Bonds, be used only for the following purposes and in the following order of priority:

First, to pay or provide for or reimburse the payment of the interest on the Bonds by deposits into the Bond Fund;

Second, to pay or provide for or reimburse the payment of the principal and redemption premium, if any, of the Bonds by deposits into the Bond Fund.

Third, to fund the Reserve Fund at the Reserve Requirement.

Fourth, to be held and used only in accordance with the pledge and other requirements of the Law including without limitation payment of the fees and expenses of the Trustee, Registrar and Paying Agent. Amounts for all such purposes shall be paid from the Revenue Allocation Fund by the Trustee upon requisition therefor approved by the Agency; and

Fifth, to pay for any repairs, additions or improvements to the Project or for any new project in the Revenue Allocation Area or any other purpose of the Agency permitted by the Law, upon the written request therefor submitted to the Trustee by the Agency, provided that an amount equal to the aggregate of the next payment of principal and the next payment of interest on the Bonds and any Additional Obligations, shall at all times be held in the Revenue Allocation Fund. The Trustee shall, at the direction of the Agency, restrict the yield on amounts remaining in the Revenue Allocation Fund to the extent required in the Tax Certificate delivered by the Agency at Bond Closing. Amounts for all such purposes shall be paid from the Revenue Allocation Fund by the Trustee upon requisition therefor approved by the Agency.

SECTION 10: PLEDGE FOR PAYMENT OF BONDS. The Agency hereby pledges for the payment of the Bonds the Pledged Revenues on a parity with any Additional Obligations, as well as all money in the Reserve Allocation Fund, Bond Fund, Reserve Fund and Costs of Issuance Fund. Except as provided elsewhere in this Bond Ordinance, the Pledged Revenues, Reserve Fund and the Bond Fund, if any, shall not be used for any other purpose while the Bonds remain Outstanding. This pledge shall constitute a first and exclusive lien on the Pledged Revenues and such other moneys in the Revenue Allocation Fund, Reserve Fund and the Bond Fund, if any, for the payment of the Bonds in accordance with the terms hereof subject only to the parity lien of any Additional Bonds permitted under Section 21 hereof.

The Agency covenants and agrees that all Pledged Revenues, when and as received, will be received by the Agency in trust hereunder and shall be held by the Trustee, and will be immediately deposited by the Agency in the Revenue Allocation Fund and will be accounted for and held in trust in the Revenue Allocation Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as in this Bond Ordinance provided. All such Pledged Revenues, whether received by the Agency in trust or deposited with the Trustee, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes herein or therein set forth, and shall be accounted for separately and apart from all other money, funds, account or other resources of the Agency.

SECTION 11: COSTS OF ISSUANCE FUND; DISBURSEMENTS. There is hereby created a fund to be held by the Trustee, separate and apart from all other funds of the Trustee and Agency, designated "Revenue Allocation Refunding Bond Costs of Issuance Fund, Series 2012" (the "Costs of Issuance Fund"), or such other designation conforming to generally accepted accounting practices, into which shall be deposited Net Proceeds of the Bonds and which shall be used to pay the costs of issuing the Bonds. Such proceeds may be invested by the Trustee, with the written direction of the Agency, which shall be assisted by the City, in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of issuance on the Bonds. The interest, as well as the gain, if any, on such investments shall remain a part of said Costs of Issuance Fund to be applied as provided in this Section.

The Trustee shall make payments from the Costs of Issuance Fund, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Section. Before any such payment shall be made, the Agency shall file with the Trustee its requisition therefor, in substantially the form set forth in Exhibit "D" attached hereto, with invoices or other evidence of payment attached thereto signed by an Authorized Officer of the Agency, stating in respect of each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid, (c) the particular item of the cost of issuance with respect thereto to be paid, and (d) that the cost or the obligation in the stated amount is a proper charge against the Costs of Issuance Fund and is a proper item of costs of issuance, and has not been paid. The Trustee shall issue its check for each payment required by such requisition. Not later than March 1, 2013, any balance in the Costs of Issuance Fund shall be transferred to the Bond Fund and the Costs of Issuance Fund shall thereafter be closed and terminated.

SECTION 12: BOND FUND

A. Bond Fund Created. There is hereby created a fund, to be held by the Trustee, separate and apart from all other funds of the Trustee, designated "Revenue Allocation Bond Fund, Series 2012" (the "Bond Fund").

(1) **Transfers to Bond Fund.** The Trustee shall transfer the amounts from the Revenue Allocation Fund or the Costs of Issuance Fund (if needed) in the amounts and at the times as required to make payments, or to reimburse payments, of principal, interest, or redemption price on the Bonds, to the Bond Fund. The Trustee shall transfer or cause the transfer of amounts due for principal or redemption price of or interest on the Bonds from the Revenue Allocation Fund or the Costs of Issuance Fund, as the case may be, to the Bond Fund at least five (5) business days prior to the due date of any installment of principal and/or interest on the Bonds, which amount shall be transferred on such due date to the Paying Agent to be applied in payment of the Bonds.

B. Priority of Lien of Payment into the Bond Fund. The amounts so pledged to be paid into the Bond Fund from the Pledged Revenues are hereby declared to be a prior lien and charge upon the Pledged Revenues superior to all other charges of any kind or nature whatsoever subject only to the parity lien of any Additional Bonds permitted as parity bonds under Section 21 hereof.

C. Application and Investment of Moneys in the Bond Fund. Moneys in the Bond Fund shall be invested as permitted by law upon the written instruction of the Agency as assisted by the City. Investments in the Bond Fund shall mature prior to the date on which such moneys shall be needed for required payments. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits therein or payments therefrom.

SECTION 13: ARBITRAGE REBATE REQUIREMENTS; REBATE FUND. The Agency hereby covenants and represents that the Agency will comply with all arbitrage rebate requirements under Section 148 of the Code and as set forth in the Tax Certificate delivered by Agency at Closing. There is hereby established a Rebate Fund into which shall be deposited such amounts, if any, as required for arbitrage rebate under the Tax Certificate and the Code and the regulations thereunder.

All moneys deposited in the Rebate Fund shall be held in trust for the payment of any rebate to the United States which must be made under federal law to qualify the interest on the Bonds as exempt from federal income taxation in accordance with the Code and the Tax Certificate delivered at closing. Amounts in the Rebate Fund shall not be used for any other purpose unless the Agency provides the Trustee with an opinion from national recognized bond counsel that such rebate is not required to qualify the interest on the Bonds as exempt from federal income taxation. If such an opinion is obtained, the amounts approved in the opinion shall be transferred to the Bond Fund.

SECTION 14: RESERVE FUND.

(1) **Reserve Fund Continued.** Pursuant to the Prior Bond Ordinance there was created the "Reserve Fund, Series 2012" for the Bonds to be held and administered by the Trustee for the Prior Bonds. The said Reserve Fund shall be held by Trustee in the amount of the Reserve Fund Requirement, shall secure the Bonds and is hereby renamed the "Reserve Fund". Any amounts in the Reserve Fund exceeding the Reserve Fund Requirement at delivery of the Bonds shall be deposited to the Escrow Fund and used to refund the Prior Bonds.

(2) **Fund Deposits and Disbursements.** The Trustee shall make such deposits into the Reserve Fund from Revenue Allocation Revenues, after paying the costs of Debt Service, as necessary until the amount on deposit therein is equal to the Reserve Fund Requirement.

If on any Debt Service payment date (or on the date of maturity or prepayment, in the case of principal) the amount in the Bond Fund is less than the amount required to pay such Debt Service, the Trustee shall apply amounts from the Reserve Fund to the extent necessary to make said payments.

On or prior to the 20th day following each interest payment date all amounts held in cash in the Reserve Fund exceeding the Reserve Fund Requirement shall be transferred to the Revenue Allocation Fund.

Any deficiency in the Reserve Fund created by a withdrawal as authorized by the preceding paragraph shall be replaced as soon as practicable by deposits of legally available moneys from the Revenue Allocation Fund until the Reserve Fund is restored to the Reserve Fund Requirement.

Whenever any cash in the Reserve Fund, together with the amount in the Bond Fund, is sufficient to pay in full all Bonds Outstanding, including interest thereon, in accordance with the terms thereof, the balance of funds on deposit in the Reserve Fund shall be transferred to the Bond Fund. Any provision of this Bond Ordinance to the contrary notwithstanding, so long as there shall be held in the Bond Fund an amount sufficient to pay in full the Bonds Outstanding and interest accrued thereon, in accordance with the terms thereof, no deposits shall be required to be made into the Reserve Fund.

SECTION 15: INVESTMENTS. All funds and accounts hereunder shall be invested in Investment Securities by the Trustee, including such funds for which the Trustee or an affiliate of the Trustee acts as investment advisor or provides other services, upon the written direction of an Authorized Officer of the Agency as assisted by the City. In the event of any failure by the Agency or City to give directions for investment, the Trustee shall invest such funds in Investment Securities as described in Item 6 of Exhibit "C" hereto. Monies in the Reserve Fund shall be invested in Investment Securities with a term of five (5) years or less. Obligations purchased as an investment of money in any fund or account created under the provisions of this Bond Ordinance shall be deemed at all times to be a part of such fund or account and any profit

realized from the liquidation of such investment shall be credited to, and any loss resulting from the liquidation of such investment shall be charged to the computation of net interest earned on the money and investments in such fund or account.

In computing the amount in any fund or account created under the provisions of this Bond Ordinance for any purposes provided in this Bond Ordinance, obligations purchased as an investment of money therein shall be valued at the amortized cost of such obligations plus accrued interest. Such computations shall be determined as of each February 1 and August 1 of each year.

Except as otherwise provided in this Bond Ordinance, the Trustee shall sell at the best price obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever either shall be requested in writing by an Authorized Officer of the Agency so to do or whenever it shall be necessary in order to provide money to meet any payment or transfer from any fund or account held by them. In lieu of such sale or presentment for redemption, the Trustee may, in making the payment or transfer from any fund or account mentioned in the preceding sentence, transfer such investment obligations, or interest appertaining thereto if such investment obligations shall mature or be collectable at or prior to the time the proceeds thereof shall be needed and such transfer of investment obligations may be made in book entry form. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from such investment.

SECTION 16: PROVISION FOR DEFEASANCE OF THE BONDS. In the event that money and/or direct obligations of, or obligations guaranteed by the United States, as provided by Section 57-504 of the Idaho Code, as it now reads or is hereafter amended, maturing or having guaranteed redemption prices at the option of the Agency at such time or times and bearing interest to be earned thereon in such amounts as are sufficient (together with any resulting cash balances) to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need to be made into the Bond Fund for the payment of the principal of and interest on that portion of the Bonds so provided for, and such portion of the Bonds and interest accrued thereon shall then cease to be entitled to any lien, benefit or security of this Bonds Ordinance, except the right to receive the funds so set aside and pledged, and such Bonds and interest accrued thereon shall no longer be deemed to be outstanding hereunder.

SECTION 17: AGENCY COVENANTS. The Agency covenants and agrees with the Registered Owner of the Bonds as follows:

A. Punctual Payment. The Agency will punctually pay or cause to be paid the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of the Bond Ordinance, and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Bond Ordinance.

B. Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Pledged Revenues and will not issue any

additional obligation or security superior to or on a parity with the Bonds payable in whole or in part from the Pledge Revenues, except as provided in the Bond Ordinance.

C. Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of the Bond Ordinance, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

D. Management and Operation of Properties. The Agency will manage and operate any property owned by the Agency and comprising any part of the Project or the Revenue Allocation Area in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the project or any part thereof, and will keep such property insured at all times in conformity with sound business practice.

E. Payment of Claims. The Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Pledged Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

F. Books and Accounts; Financial and Project Statements. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project and the funds created hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Registered Owners of not less than twenty-five percent (25%) of the aggregate amount of Outstanding Bonds or their representatives authorized in writing.

G. Protection of Security and Rights of Registered Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Registered Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of the Bonds by the Agency, such Bonds shall be incontestable by the Agency.

H. Payment of Taxes and Other Charges. Subject to the provisions of Section 17(I) hereof, the Agency will pay and discharge any taxes, service charges, assessments and other governmental charges which may hereafter by lawfully imposed upon the

Agency or any properties owned by the Agency in the Revenue Allocation Area, or upon the revenues therefrom, when the same shall become due; provided that nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

I. Taxation of Leased Property. If any property in the Revenue Allocation Area is hereafter owned and redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any such real property to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law, which such payments shall be treated as Revenue Allocation Revenues and shall be deposited by the Agency in the Revenue Allocation Fund.

J. Disposition of Property in Revenue Allocation Area. The Agency will not, except as otherwise provided in this Section 17(J) and except for property currently owned by the City in the Revenue Allocation Area, authorize the disposition of any such real property in the Revenue Allocation Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Revenue Allocation Area under the Urban Renewal Plan in effect on the date of adoption of the Bond Ordinance, or property to be used for public streets or easements or rights of way for public utilities, or other similar uses). If such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Bond Ordinance, shall comprise more than ten percent (10%) of the land area in the Revenue Allocation Area, it shall cause to be filed with the Trustee a Consultant's Report on the effect of such proposed disposition. If the Consultant's Report concludes that the Pledged Revenues will not be materially reduced by such proposed disposition, the Agency may proceed with such proposed disposition. If the Consultant's Report concludes that Revenue Allocation Revenues will be materially reduced by such proposed disposition, the Agency shall, as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

- (1) Pay to the Trustee, so long as any of the Bonds are Outstanding, an amount equal to the amount that would have been received by the Agency as Pledged Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies

for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) Pay to the Trustee a single sum equal to the amount estimated by an independent redevelopment consultant to be receivable from taxes on such property from the date of such payment to the last maturity date of all Outstanding Bonds, less a reasonable discount value.

All such payments to the Trustee in lieu of taxes shall be treated as Pledged Revenues and shall be deposited by the Trustee in the Revenue Allocation Fund to be available as Pledged Revenues for payment of the Bonds provided that the Agency first receives an opinion of Bond Counsel to the effect that the above payments will not jeopardize the exemption of interest on the Bonds from federal tax.

K. Amendment of Urban Renewal Plan. The Agency will not amend the Urban Renewal Plan except as provided in this Section 17(K). If the Agency proposes to amend the Urban Renewal Plan for any purpose other than to expand the Revenue Allocation Area or to create an additional and separate revenue allocation area under Title 50, Chapter 29, Idaho Code, as amended which does not overlap the Revenue Allocation Area, it shall cause to be filed with the Trustee a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that Pledged Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Consultant's Report concludes that the Pledged Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment.

L. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further ordinances, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Bond Ordinance, and for the better assuring and confirming unto the Registered Owner of the Bonds of the rights and benefits provided in the Bond Ordinance.

M. Accounts and Reports.

(1) The Agency shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and each fund and account established under this Bond Ordinance, and which, together with all books and papers of the Agency, including insurance policies, relating to the Project, shall at all times be subject to the inspection of the Trustee or its representative duly authorized in writing.

(2) The Trustee, Registrar and Paying Agent shall advise the Agency in writing promptly as requested by the Agency, but in no event less often than annually, of its transactions during such period relating to each fund and account held by it under this Bond Ordinance.

(3) The Agency shall annually, within 120 days after the close of each Fiscal Year, file with the Purchaser, and otherwise as provided by law, a copy of an annual report for each year, accompanied by an Accountant's Certificate, relating to the Project and including the following statements in reasonable detail: a balance sheet showing assets and liabilities as of the end of such year, to the extent relating to the project a statement of Pledged Revenues, expenses and changes in retained earnings for such year; and a summary with respect to each fund and account established under this Bond Ordinance of the receipt therein and disbursements therefrom during such year and the amount held therein at the end of such year. The accountant or accounting firm completing the Accountant's Certificate shall provide a written statement as to whether or not, to the knowledge of the signer, the Agency is in default with respect to any of the covenants, agreements or conditions on its part contained in this Bond Ordinance, and if so, the nature of such default.

(4) The reports, statements and other documents required to be furnished to the Purchaser pursuant to any provisions of this Bond Ordinance shall be available for the inspection of Registered Owners of the Bonds at the office of the Agency and the reports mentioned in subsection (3) shall be mailed to each Registered Owner who shall file a written request therefor with the Agency.

N. General.

(1) The Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Agency under the provisions of the Law and this Bond Ordinance.

(2) Upon the date of authentication and delivery of the Bonds, all conditions, acts and things required by law and this Bond Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Agency, shall comply in all respects with the applicable laws of the State of Idaho.

(3) The Bonds are issued in connection with an Urban Renewal Project, as defined in the Law. Accordingly, in any suit, action or proceeding involving the validity or enforceability of the Bonds, the Bonds shall be conclusively deemed to have been issued for such purpose and such Urban Renewal Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the law.

O. Arbitrage; Special Tax Covenants; Tax Certificate. The Agency shall comply with the provisions of the Tax Certificate and this Section unless, in the written opinion of Bond Counsel, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The Agency hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the Agency which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be an "arbitrage bond" within the meaning of said Section. The Agency will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) throughout the term of the Bonds.

The Agency hereby further covenants that it will comply with the registration requirements of Section 149(a) of the Code so long as any portion of the Bonds is Outstanding.

The Agency hereby further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute a "private activity bond" under Section 141 of the Code.

P. Private Person Use Limitation. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond Counsel, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Bonds is Outstanding, it will not permit:

(a) More than 10% of the Net Proceeds of the Bonds to be used for any Private Person Use; and

(b) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be (under the terms of this Bond Ordinance or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made to the Agency) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Agency further covenants that, if:

(c) More than 5% of the Net Proceeds of the Bonds is to be used for any Private Person Use; and

(d) More than 5% of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this Bond Ordinance or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made to the Agency) in respect of property, or borrowed money, used or to be used for any Private Person Use;

then, (i) any Private Person Use of the Project described in subsection (c) hereof or Private Person Use payments described in subsection (d) hereof that is in excess of the 5% limitations described in such subsections (c) or (d) will be for a Private Person Use that is relating to the state or local governmental use of the Project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project relates. The Agency further covenants that it will comply with any limitations on the use of the Project by other than state and local governmental users that are necessary, in the opinion of Bond Counsel, to preserve the tax exemption of the interest on the Bonds.

Q. Private Loan Limitation. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond Counsel, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Bonds is Outstanding, it will not permit Bonds proceeds in excess of 5% of the Net Proceeds of the Bonds to be used (directly or indirectly) to make loans (other than loans that enable a borrower to finance a governmental tax assessment of general application for a specific essential governmental function) to a Private Person.

R. Federal Guaranty Prohibition. The Agency shall comply with the provisions of this Section unless, in the written opinion of Bond Counsel, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The Agency covenants that so long as any portion of the Bonds is Outstanding, it will not take any action or permit or suffer any action to be taken if the result thereof would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and any Regulations promulgated thereunder.

S. Opinions of Bond Counsel. Whenever an opinion of bond counsel is rendered in connection with any provision of this Bond Ordinance (including, but not limited to, an modification of Sections 17(P), (Q), (R) and (S) above), unless such opinion is given by Bond Counsel, the opinion shall affirmatively state, in a manner acceptable to the Agency, that interest on the Bonds is excluded from gross income for federal tax purposes and will remain so after the action in question. This Section shall apply in the same fashion with respect to the affirmative opinion of any such successor bond counsel.

T. Continuing Disclosure. The Agency and the Trustee hereby covenant and agree that they will comply with and carry out their respective obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the Agency or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under this Ordinance; however, the Trustee may (and, at the request of any participating underwriter or the holders of at least 25% aggregate

principal amount of Outstanding Bonds, shall) or any Bondowner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or the Trustee, as the case may be, to comply with its obligations under this Section.

SECTION 18: TRANSFER OF OR EXCHANGE OF BONDS. Any Bond shall be transferable by the Registered Owner thereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of such Bonds at the principal office of the Registrar for cancellation and issuance of a new Bonds registered in the name of the transferee, in exchange therefor. Provided, however, that the Registrar shall not be required to transfer the Bonds within fifteen calendar days of a principal or interest payment.

Any Bond shall be exchangeable for Bonds of any authorized denomination or denominations, upon surrender and cancellation of said Bond at the principal corporate trust office of the Registrar.

Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall authenticate and deliver to the transferee, in exchange therefor, a new fully registered Bond of the same Maturity and interest rate, and for the principal amount of such Bonds being surrendered.

The Registrar shall not require the payment by the Registered Owner requesting such transfer or exchange of any tax, fee or governmental charge required to be paid with respect to such transfer or exchange. The costs imposed by the Registrar for such transfer or exchange shall be deemed to be a Project cost to be borne by the Agency. The Registrar and the Agency may also require the transferor and/or transferee of the Bonds to execute any documents in connection with such transfer as may be reasonable required by the Agency and the Registrar.

SECTION 19: LOST, STOLEN, MUTILATED OR DESTROYED BONDS. In case the Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may authenticate and deliver a new Bonds of like date, denomination, interest rate, maturity, number, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the Registrar in connection therewith and upon his filing with the Registrar evidence satisfactory to the Registrar that such Bonds was actually lost, stolen, mutilated or destroyed and of his ownership thereof, and upon furnishing the Registrar with indemnity satisfactory to the Registrar.

SECTION 20: REGISTRATION. The Agency hereby adopts a system of registration with respect to the Bonds as required by Title 57, Chapter 7, Idaho Code as amended, pursuant to this Section and Sections 3, 4, 6, 18, and 19 hereof.

The Registrar is hereby appointed as authenticating agent, registrar and transfer agent with respect to the Bonds, subject to the following terms and conditions:

- A. The Registrar shall keep, or cause to be kept, at the principal office of the Agency, sufficient books for the registration and transfer of the Bonds, which books are hereby defined as the "Bond Register," in which shall be maintained the names and addresses of

the Registered Owner of the Bonds. Said Bond Register shall at all reasonable times be open to inspection by the Agency.

B. Subject to the terms of any agreement with the Registrar, the Agency shall pay to the Registrar reasonable compensation for all services rendered under this Bond Ordinance, together with reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Bond Ordinance shall be deemed operation and maintenance expenses of the Project.

C. The Registrar may become the owner of the Bonds with the same rights it would have it if were not the Registrar, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners.

SECTION 21: ADDITIONAL BONDS. For so long as any of the Bonds remain Outstanding, the Agency will not issue any obligations having a greater or equal priority of lien upon the Pledged Revenues to pay and secure the payment of the principal of and interest on such obligations than the priority of lien created on such Pledged Revenues to pay and secure the payment of the principal of and interest on the Bonds, except as follows:

A. The Agency reserves the right to issue Additional Bonds for the purposes of:

First, providing money to pay for completion of the Project or to acquire or construct such other project which is located in the Revenue Allocation Area, or

Second, refunding, as permitted by law, at or prior to their maturity, any outstanding revenue allocation bonds or other obligations payable out of Pledged Revenues,

and to pledge that payments will be made out of the Pledged Revenues and into the Bond Fund to pay and secure the payment of the principal of and interest on such Additional Bonds on a parity with the payment required herein to be made out of such Pledged Revenues into such accounts to pay and secure the payment of the principal of and interest on any Additional Bonds then outstanding, upon compliance with the following conditions:

(1) At the time of issuance of any Additional Bonds there is no deficiency in the Bond Fund or Reserve Fund.

(2) The principal of and interest on any Additional Bonds shall be payable out of the Bond Fund and the requirements for the Bond Fund payments in Section 12 hereof shall be met.

(3) The Ordinance authorizing such Additional Bonds shall contain the provisions for payment, security and deposits as set forth herein.

(4) A deposit to the reserve fund for such Additional Bonds shall be made in an amount sufficient to bring the balance of the Reserve Fund and the reserve fund for the Bonds and such Additional Bonds equal to the Reserve Fund Requirement for the Bonds Outstanding, treating the Bonds and such Additional Bonds as also Outstanding.

(5) The Agency certifies that the Agency has received a Consultant's Report stating that the Revenue Allocation Revenues for the prior Fiscal Year as adjusted for projected additions or deletions of taxable property to or from the Revenue Allocation Area and projected increases or decreases in valuation of property in the Revenue Allocation Area are expected to equal at least 125% of the Maximum Annual Debt Service on Outstanding Bonds and the Additional Bonds.

B. Nothing herein contained shall prevent the Agency from issuing obligations approved in advance which are a charge upon the Pledged Revenues junior or inferior to the payments required by this Ordinance to be made out of such revenue into the Bond Fund to pay and secure the payment of the Bonds and any Additional Bonds.

SECTION 22: AMENDMENTS

A. The Board from time to time and at any time may adopt an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this Bond ordinance, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the Agency in this Bond Ordinance, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the Registered Owners of the Bonds, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Bond Ordinance or any ordinance authorizing future notes, warrants or bonds in regard to matters or questions arising under such ordinances as the Agency may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect, in any material respect, the interests of the Registered Owners of the Bonds.

Any such supplemental ordinance may be adopted without the consent of the Registered Owners of the Bonds at any time Outstanding, notwithstanding any of the provisions of subsection B of this section provided that notice thereof shall be given to the Rating Agency.

B. With the consent of the Registered Owners of not less than sixty-five percent (65%) in aggregate principal amount of the Bonds at the time Outstanding, the Agency may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any

provisions to or changing in any manner or eliminating any of the provisions of this Bond Ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

- (1) extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payment of Debt Service from its due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of the Bond so affected; or
- (2) reduce the aforesaid percentage of Registered Owners required to approve any such supplemental ordinance, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of Registered Owners under this subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

C. Prior to delivery of the Bonds this Bond Ordinance may be amended in any manner approved by the Underwriter including the execution by the Agency of an Agreement Concerning Bond Insurance, which approval may be evidenced by the Agency's execution and delivery of the Bonds, the Underwriter's purchase and acceptance of the Bonds, as the case may be. Thereafter this Bond Ordinance shall not be amended except as herein provided.

D. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Bond Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Agency under this Bond Ordinance and the Registered Owners of the Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this Bond Ordinance for any and all purposes.

E. Bonds executed and delivered after the execution of any supplemental ordinance adopted pursuant to the provisions of this section may have a notation as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new Bonds so modified as to conform, in the opinion of the Board, to any modification of this Bond Ordinance contained in any such supplemental ordinance, may be prepared and delivered without cost to the Registered Owner of the affected Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

SECTION 23: EVENTS OF DEFAULT

A. If one or more of the following events of default shall happen, that is to say:

(1) if default shall be made in the due and punctual payment of the principal or redemption price of the Bonds when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(2) if default shall be made in the due and punctual payment of any installment of interest on the Bonds, when and as such interest installment shall become due and payable;

(3) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in this Bond Ordinance or in the Bonds contained, and such default shall continue for a period of sixty (60) days after written notice thereof to the Agency by the Purchaser or Registered Owner;

(4) if judgment for the payment of money shall be rendered against the Agency, and any such judgment shall not be discharged within one hundred twenty (120) days of the entry thereof, or an appeal shall not be taken therefrom or from the order, decree of process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decrees or process or the enforcement thereof;

(5) if there shall occur dissolution or liquidation of the Agency or the filing by the Agency of a voluntary petition in bankruptcy, or the commission by the Agency of any act of bankruptcy, or adjudication of the Agency as a bankrupt, or assignment by the Agency for the benefit of its creditors, or the entry by the Agency into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Agency in any proceeding for its reorganization instituted under the provisions of the federal bankruptcy act, as amended, or under any similar act in any jurisdiction which may now be in effect or which may hereafter be enacted; and

(6) if an order or decree shall be entered, with the consent or acquiescence of the Agency, appointing a receiver or receivers of the Project, or any part thereof, or if such order or decree, having been entered without the consent and acquiescence of the Agency, shall not be vacated or discharged or stayed within ninety (90) days after the entry thereof.

then and in each and every such case, so long as such Event of Default shall not have been remedied, unless the Outstanding amount of the Bonds shall have already become due and payable, the Trustee may (by thirty (30) days' written notice to the Agency), or the Registered Owners of not less than twenty-five percent (25%) of the Outstanding Bonds (by notice in writing to the Agency, the Trustee) may declare the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Bond Ordinance or in the

Bonds contained to the contrary notwithstanding. The right of the Trustee or the Registered Owners of not less than twenty-five percent (25%) of the Outstanding Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of Debt Service on the Bonds, together with interest on such overdue installments of Debt Service to the extent permitted by law and the reasonable and proper charges, and all other sums then payable by the Agency under this Bond Ordinance (except the principal of, and interest accrued since the next preceding Debt Service payment date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Agency or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Bond Ordinance (other than the payment of principal and interest due and payable, solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every case either the Trustee or the Registered Owners of not less than twenty-five percent (25%) of the Bonds Outstanding, by written notice to the Agency, may rescind such declaration and annul such Default in its entirety or, if the Trustee shall have acted upon the direction of the Registered Owners of not less than twenty-five percent (25%) of the Outstanding Bonds, unless there shall have been delivered to the Trustee written direction to the contrary by the Registered Owners of a majority in principal amount of Outstanding Bonds, the Trustee may rescind such declaration and annul such default in its entirety. No such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

B. Accounting and Examination of Records After Default.

1. The Agency covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Agency and all other records relating to the Project shall at all reasonable times be subject to the inspection and use of the Trustee and of its agents and attorneys.
2. The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all moneys, securities and funds pledged or held under this Bond Ordinance for such period as shall be stated in such demand.

C. Application of Funds and Moneys After Default.

1. The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Agency in any Fund under this Bond Ordinance, and (ii) all Pledged Revenues as promptly as practicable after receipt thereof.
2. During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Pledged Revenues received by the Trustee pursuant

to any right given or action taken under the provisions of this Section 23 as follows and in the following order:

(a) Expenses of Trustee -- To the payment of the reasonable and proper charges, expenses and liabilities of any Trustee;

(b) Operating Costs -- To the payment of the amounts required for reasonable and necessary operating costs, reasonable and necessary costs for the management, maintenance and upkeep of the Project and costs for the reasonable renewals, repairs and replacements of the Project, all as necessary, in the judgment of the Trustee, to prevent deterioration of the Project or loss of Pledged Revenues therefrom. For this purpose the books of record and accounts of the Agency relating to the Project shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default;

(c) Principal or redemption price and interest -- To the payment of the payment of the interest and principal or redemption price then due on the Bonds as follows:

(i) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- To the payment to the persons entitled thereto for payment of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or redemption price -- To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption due on such date, to the persons entitled thereto, without any discrimination or preference;

(ii) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over

principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

3. If and whenever all overdue installments of interest on all Bonds together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the Agency under this Bond Ordinance, including the principal and redemption price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by the Trustee for the account of the Agency, such payment, and all defaults under this Bond Ordinance, or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Agency and the Trustee shall be restored, respectively, to their former positions and rights under this Bond Ordinance. No such restoration of the Agency and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Bond Ordinance or impair any right consequent thereon.

D. Proceedings Brought by Trustee.

1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Registered Owners of the Bonds under this Bond Ordinance forthwith by a suit or suits in equity or at law, whether for the specified performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Agency as if the Agency were the Trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Bond Ordinance.

2. All rights of action under this Bond Ordinance may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Registered Owners of not less than majority in principal amount of the Bonds at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be

devised by counsel that the action or proceeding so directed may not lawfully be taken, of if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Registered Owners of the Bonds not parties to such direction.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Bond Ordinance, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Bond Ordinance any provided to be exercised by the Trustee upon the occurrence of any Event of Default.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Registered Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with security and indemnity acceptable to the Trustee, shall be under no obligation to institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Bond Ordinance by any acts which may be unlawful or in violation of this Bond Ordinance, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interest and the interests of the Registered Owners.

E. Restriction on Action of Registered Owners.

1. Except as otherwise provided herein, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Bond Ordinance or the execution of any trust under this Bond Ordinance unless such Registered Owner shall have previously or for any remedy under this Bond Ordinance given to the Trustee written notice of the happening of an Event of Default, as provided in this Section, and the Registered Owners of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Bond Ordinance or by the Act or by the laws of Idaho to institute such action, suit or proceeding in its own name, and unless such Registered Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Registered Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Bond Ordinance, or to enforce any right under this Bond Ordinance, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Bond Ordinance shall be instituted, had an maintained in the manner provided

in this Bond Ordinance and for the equal benefit of all Registered Owners of the Bonds Outstanding.

2. Nothing in this Bond Ordinance or in the Bonds shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Registered owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Registered Owner to enforce such payment of his Bond.

F. Remedies Not Exclusive. No remedy by the terms of this Bond Ordinance conferred upon or reserved to the Trustee or the Registered Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy given under this Bond Ordinance or existing at law or in equity or by statute on or after the date of adoption of this Bond Ordinance.

G. Effect of Waiver and Other Circumstances.

1. No delay or omission of the Trustee or any Registered Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Section to the Trustee or to the Registered Owners may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Registered Owners.

2. Prior to the declaration of maturity of the Bonds as provided in the Bond Ordinance, the Registered Owners of not less than sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds at the time Outstanding, or their attorney-in-fact duly authorized, may, on behalf of the Registered Owners of all of the Bonds waive any past default under this Bond Ordinance and its consequences, except a Default in the payment of interest on, principal of, or premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

H. Notice of Default. The Trustee shall promptly mail to the Registered Owners of the Bonds Outstanding written notice of the occurrence of any Event of Default set forth in Section 23.A above.

SECTION 24: SEVERABILITY. If any one or more of the covenants or agreements provided in this Bond Ordinance to be performed on the part of the Agency shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Bond Ordinance and shall in no way affect the validity of the other provisions of this Bond Ordinance or of the Bonds.

SECTION 25: VALIDITY OF BONDS. Pursuant to Sections 50-2027 and 50-2911, Idaho Code, no direct or collateral action attacking or otherwise questioning the validity of the Bonds may be brought prior to the effective date of this Bond Ordinance or after the elapse of thirty (30) days from and after the effective date of this Bond Ordinance. A notice of the adoption of this Ordinance in the form attached hereto as Exhibit "E" shall be published in The Idaho State Journal as soon as possible.

SECTION 26: NOTICES. All notices to Bond Owners shall be given by telex, telegram, telecopier or other telecommunication devise unless otherwise provided herein and confirmed in writing as soon as practicable if such Bond Owners have given appropriate information to the Paying Agent/Registrar for notice to be given in such manner, and otherwise by first class mail. Any notice to or demand upon the following parties shall be given by certified mail, return receipt requested, as follows:

If to the Agency: Pocatello Development Authority
911 North 7th Avenue _____
Pocatello, Idaho 83201
Attention: Executive Director

If to the Paying Agent/
Registrar/Tender Agent
or Trustee: Zions First National Bank

Attention: Corporate Trust Services

In addition to any other notices required to be sent to the Rating Agency under this Ordinance, notice shall be sent to the Rating Agency of any change of Trustee, any amendment to this Ordinance, any redemption of the Bonds and any defeasance of the Bonds.

SECTION 27: POST ISSUANCE TAX COMPLIANCE PROCEDURES. The Authority hereby adopts and agrees to follow the Post Issuance Tax Compliance Procedures attached hereto as Exhibit "G".

SECTION 28: EXHIBITS INCORPORATED. All Exhibits attached hereto are hereby incorporated by reference as if fully set forth herein.

SECTION 29: EFFECTIVE DATE. This Bond Ordinance shall take effect immediately upon its adoption and approval.

(The remainder of this page intentionally left blank.)

PASSED by the POCATELLO DEVELOPMENT AUTHORITY on November 28, 2012.
Signed by the Chairman of the Board of Commissioners, and attested by the Secretary to the
Board of Commissioners, on November 28, 2012.

POCATELLO DEVELOPMENT AUTHORITY

Chairman, Board of Commissioners

ATTEST:

Secretary

(S E A L)

CERTIFICATION

I, the undersigned Secretary of the Board of Commissioners of the POCATELLO DEVELOPMENT AUTHORITY, hereby certify that the foregoing Ordinance is a full, true and correct copy of a Ordinance duly passed and adopted at a regular meeting of the Board of Commissioners of said Agency, duly and regularly held at the regular meeting place thereof on November 28, 2012, of which meeting all members of said Board had due notice, and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Commissioners: _____

NAYS, Commissioners: _____

ABSENT, Commissioners: _____

ABSTAIN, Commissioners: _____

I further certify that I have carefully compared the same with the original Ordinance on file and of record in my office, that said Ordinance is a full, true and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said Agency on November 28, 2012.

Secretary

(SEAL)

EXHIBIT "A"

PROJECT DESCRIPTION

Acquisition and construction of the following public improvements set forth in the Urban Renewal Plan including:

1. Street and Road Right of Way Acquisition;
2. Street Improvements;
3. Water System and other Utility Extension Improvements;
4. Sewer System Improvements;
5. Storm Sewer Improvements; and
6. Traffic Signal Improvements.

registration records of the Agency (the "Bond Register") maintained by [Zions First National Bank], as Registrar. Payment of each installment of interest shall be made to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month next preceding the interest payment date, and shall be paid to such Registered Owner at his address appearing on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. Principal shall be paid to the Registered Owner, upon presentation and surrender of this Bond on or after its date of maturity or prior redemption, at the principal corporate trust office of the Registrar.

This Bond shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not constitute a general obligation or debt of the City of Pocatello, Idaho, or of any municipality, the State of Idaho, or any of its political subdivisions. In no event shall this Bond give rise to a general obligation or liability of the Agency, any municipality, the State of Idaho, or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than those of the Agency specifically pledged therefor.

This Bond is one of a duly authorized issue of Bonds of like date, tenor, designation and effect, except for variations required to state numbers, denominations, rates of interest and dates of maturity, aggregating \$6,700,000 in principal amount. The Bonds are issued as both serial and term bonds, in fully registered form, in denominations of \$5,000, or any integral multiple thereof (provided that no single Bond shall represent more than one maturity), and mature over the years ____ through ____, inclusive. The Bonds are limited obligations of the Agency payable solely from the Revenue Allocation Bond Fund, Series 2012 (the "Bond Fund"), created by Ordinance No. 2012-1 adopted by the Board of Commissioners of the Agency on November 28, 2012, (the "Bond Ordinance"). For a more particular description of said Bond Fund, the Pledged Revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the aforementioned Bond Ordinance. All capitalized terms used in this Bond shall have the meanings given to them by the Bond Ordinance.

This Bond and the Bonds of this issue are not general obligations of the Agency, and its full faith and credit are not pledged for payment of the principal thereof and interest thereon. The Bonds constitute a prior lien and charge upon the Pledged Revenues superior to all other charges of any kind or nature except any additional parity bonds permitted under the Bond Ordinance.

This Bond and the Bonds of this issue are issued by the Agency pursuant to and in full compliance with the Constitution and laws of the State of Idaho, particularly the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20 and the Local Economic Development Act, being Idaho Code, Title 50, Chapter 29, (collectively, the "Law"), and also pursuant to the Bond Ordinance, for the purpose of refunding certain prior bonds of the Agency which financed the Costs of Acquisition and Construction of the Project and related items. The Bonds are issued by the Agency in connection with an urban renewal project (as defined in the Law), and pursuant to Section 50-2012(f) of the Idaho Code this Bond shall be conclusively deemed to have been issued for such purpose and such Project shall be conclusively deemed to have been planned, located, and carried out in accordance with the provisions of the Law.

Bonds maturing in the years ____ through ____, inclusive, are not subject to redemption prior to their stated dates of maturity. The Agency has reserved the right, at its option, to redeem on August 1, ____ the Bonds maturing on and after August 1, ____, in whole or in part (in inverse order of maturity and by lot within a maturity in such manner as the Registrar shall determine), on the following Redemption Dates, or any interest payment date thereafter, at the following redemption price of par plus accrued interest to the date fixed for redemption:

[Term Bond Redemption]

Unless waived by the Registered Owner of this Bond, notice of any such redemption shall be sent by the Registrar by first class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Registered Owner at the address shown on the Bond Register maintained by the Registrar, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. When so called for redemption, such Bond shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and such Bond shall not be deemed to be Outstanding as of such redemption date.

This Bond is transferable or exchangeable by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Bond at the principal corporate trust office of the Registrar. Upon such transfer or exchange, a new Bond or Bonds of authorized denomination or denominations, of equal aggregate principal amount and of the same maturity and interest rate, will be issued to the transferee or exchange, in exchange therefor. Provided, however, that the Registrar shall not be required to transfer all or any portion of this Bond within fifteen (15) calendar days of its date of maturity.

The Trustee and Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payments of principal hereof and interest due hereon and for all other purposes, and the Trustee and Registrar shall not be affected by any notice to the contrary.

The Agency has covenanted and agreed with the Registered Owner of the Bond that it will keep and perform all of the covenants of this Bond and of the Bond Ordinance to be by it kept and performed.

The covenants contained herein and in the Bond Ordinance may be discharged by making provision, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Bond Ordinance.

IT HEREBY CERTIFIED AND DECLARED that all acts, conditions, and things essential to the validity of this Bond do exist, have happened, and have been done and that every requirement of the Constitution and statutes of the State of Idaho and the ordinances and resolutions of the Agency affecting the issue hereof have been duly complied with; the Pledged Revenues have been pledged and will be set aside into the Bond Fund to be used for the payment of principal of and interest on this Bond in the order of priority provided in the Bond Ordinance.

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is one of the Pocatello Development Authority Revenue Allocation Refunding Bonds (Tax Increment), 2012 Series A, and described in the within-mentioned Bond Ordinance.

ZIONS FIRST NATIONAL BANK

By: _____
Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

Name of Transferee: _____

Address: _____

Tax Identification No. _____

the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member Firm
of the New York Stock Exchange

Authorized Officer

EXHIBIT "C"

INVESTMENT SECURITIES

"Investment Securities" means any of the following:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the full and timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) repurchase agreements (including those of the Trustee or the Paying Agent/Registrar) with an investment provider then rated by the Rating Agency at least as high as the rating assigned to the Bonds, fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits in, any bank (including the Trustee, the Bank or the Paying Agent/Registrar) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds (if then rated) by each Rating Agency then rating the Bonds and (b) which are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) or this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested; and

(5) shares in any investment company registered under the federal Investment Borrower Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated Aaa by a nationally recognized rating service.

(6) Money market funds containing investments in any of the above Investment Securities provided such money market fund bears a rating of a nationally recognized rating service of at least equal to the rating on the Bonds.

(7) The Idaho State Treasurer's Local Government Investment Pool.

(8) Any other investment permitted by law provided such obligations bear a rating of the Rating Agency at least equal to the rating then assigned to the Bonds by the Rating Agency or is otherwise approved by the Rating Agency.

EXHIBIT "D"

FORM OF REQUISITION

REQUISITION PURSUANT TO BOND ORDINANCE

Zions First National Bank
Boise, Idaho
Attn: Corporate Trust Department

The undersigned, who is authorized to make such request under Section 11 of the Bond Ordinance, dated as of November 28, 2012, with Zions First National Bank as Trustee ("Trustee"), and the Pocatello Development Authority (the "Agency"), hereby requests the Trustee as follows:

1. Requisition Number _____.
2. Payment is due to: See Attached Schedule.
3. The amount to be disbursed is: \$ _____.
4. The obligation mentioned above for which payment is requested in this Requisition is due, is a proper charge against the Costs of Issuance Fund and has not been previously paid from said Fund or from the proceeds of the Bonds.
5. All of this requested payment is for the items on the attached Schedule, which are costs of issuing the Bonds.

Attachments: _____

DATED: _____

POCATELLO DEVELOPMENT AUTHORITY

Authorized Representative

Project Engineer or Supervising City Official

Terms used herein shall be as defined in the Bond Ordinance.

EXHIBIT "E"

Form of Notice of Ordinance No. 2012-1

NOTICE OF ORDINANCE NO. 2012-1

Public notice is hereby given by the Pocatello Development Authority (the "Agency"), that on November 28, 2012, the Board of Commissioners of the Agency approved and adopted Ordinance No. 2012-1 (the "Ordinance").

The Ordinance authorizes the issuance of the Agency's Revenue Allocation (Tax Increment) Refunding Bonds, 2012 Series A (the "Bonds"), in the aggregate amount of up to \$6,700,000.

The Bonds are being issued to refund certain prior bonds ("Prior Bonds") of the Agency, to provide for a reserve fund and to pay various costs of issuance of the Bonds and other expenses as provided in the Ordinance.

Under the Ordinance, the Agency has pledged for the payment of the amount of interest coming due on each interest payment date and the principal coming due on each annual principal payment date of the Bonds, all proceeds, together with tax increment revenues received by the Agency, moneys in the Revenue Allocation Fund for the Bonds, the Reserve Fund, and the Bond Fund (collectively, the "Pledged Revenues"), all as defined in the Ordinance subject to the parity payment of certain non-refunded Prior Bonds and permitted additional obligations. Pledged Revenues received by the Agency in excess of debt service on Agency bonds may be reserved by the Agency for future payments of Debt Service on the Bonds, to redeem or purchase outstanding bonds on the open market, or for any other legal purpose of the Agency.

Neither the City of Pocatello, the State of Idaho, its Legislature, nor any political subdivision thereof is liable for the payment of the principal of or interest or redemption premium, if any, on the Bonds.

The Ordinance and other supporting material is available for public inspection at the offices of the Agency at 911 North 7th Avenue, Pocatello, Idaho, Monday through Friday, 8:00 a.m. to 5:00 p.m. (telephone (208) 233-3500).

The Ordinance became effective upon its passage and approval on November 28, 2012.

In accordance with the provisions of Sections 50-2027 and 50-2911 of the Idaho Code, no direct or collateral action attacking or otherwise questioning the validity of the Bonds may be brought prior to the effective date of the Ordinance authorizing such Bonds or after the elapse of thirty (30) days from and after the effective date of the Ordinance authorizing such Bonds.

By Order of the Board of Commissioners of the Pocatello Development Authority, dated as of the 28th day of November, 2012.

POCATELLO DEVELOPMENT AUTHORITY

By: _____
Its: Chairman

ATTEST:

Secretary

EXHIBIT "F"

FORM OF TERMS CERTIFICATE

(attached)

FORM OF TERMS CERTIFICATE

(Pocatello Development Authority Revenue Allocation (Tax Increment) Refunding Bonds, 2012 Series A

In connection with Ordinance No. 2012-1 (the "Ordinance") of the Pocatello Development Authority (the "Authority") adopted on November 28, 2012 authorizing the issuance and sale of the Authority's Revenue Allocation (Tax Increment) Refunding Bonds, 2012 Series A (the "Bonds"), the undersigned hereby executes and delivers this Terms Certificate (as such term is defined in the Ordinance) specifying certain terms of the Bonds:

Principal amount: \$ _____

Dated Date: Closing Date

Final Maturity Date: _____

Date of Delivery: Closing Date

Purchaser: _____

Closing Date: _____, 2012, or such other date agreed upon by the Purchaser and the City.

Net Present Value Savings for the Prior Bonds as defined in the Ordinance: _____% of the outstanding principal amount of the Prior Bonds.

Purchaser's discount: \$ _____.

True Interest Cost: _____%

Purchase Price: \$ _____ (the par amount thereof, plus \$ _____ of net original issue premium (discount), less purchaser's discount of \$ _____)

Maturity Date, Principal Amount and Interest Rate:

Maturity Date (<u>August</u> <u>1</u>)	Principal <u>Amount</u> (to come)	<u>Interest Rate</u>
---	---	----------------------

*Term Bonds, subject to mandatory redemption; final maturity dates shown above.

Application of Bond Proceeds:

\$ _____ to Escrow Fund.

\$ _____ to Costs of Issuance.

Application of Funds Held for Prior Bonds: \$ _____ to Escrow Fund.

Other: _____

EXHIBIT "G"

POST ISSUANCE TAX COMPLIANCE PROCEDURES

(attached)

**Pocatello Development Authority
Post-Issuance Tax Compliance Procedures
For Tax-Exempt Bonds**

November 28, 2012

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds ("Bonds") issued by the Pocatello Development Authority (the "Authority") so as to ensure that the Authority complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds.

General

Ultimate responsibility for all matters relating to Authority financings and refinancings rests with the Executive Director (the "Executive Director").

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Executive Director and other appropriate Authority personnel, agents or contractors shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in a Authority resolution(s), Tax Certificate(s) and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall including future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Executive Director and other appropriate Authority personnel, agents or contractors also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the Authority shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the Authority as Bond Issuer

Unless otherwise provided by Authority resolutions, unexpended Bond proceeds shall be held by the Authority, and the investment of Bond proceeds shall be managed by the Executive Director.

The Executive Director shall maintain records and shall prepare regular, periodic statements to the Authority regarding the investments and transactions involving Bond proceeds.

If a Authority resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless a Tax Certificate documents that bond counsel has advised that arbitrage rebate will not be applicable to an issue of Bonds:

- the Authority shall engage the services of a Rebate Service Provider, and the Authority or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Executive Director and other appropriate Authority personnel, agents or contractors shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Executive Director and other appropriate Authority personnel, agents or contractors shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Executive Director and other appropriate Authority personnel, agents or contractors shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

For working capital financings, the Authority shall follow procedures set forth in the applicable Tax Certificate and/or instructions delivered at bond or note closing.

The Authority shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

The Executive Director and other appropriate Authority personnel, contractors or agents shall:

- monitor the use of Bond proceeds, the use of Bond-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Bond-financed assets throughout the term of the Bonds (and in some cases beyond the term of the Bonds) to ensure compliance with covenants and restrictions set forth in applicable Authority resolutions and Tax Certificates;
- maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds;
- consult with Bond Counsel and other professional expert advisers in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable Authority resolutions and Tax Certificates;
- maintain records for any contracts or arrangements involving the use of Bond-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable Authority resolutions and Tax Certificates;
- meet at least annually with those responsible for Bond-financed assets to identify and discuss any existing or planned use of Bond-financed, assets or output or throughput of Bond-financed assets, to ensure that those uses are consistent with all covenants and restrictions set forth in applicable Authority resolutions and Tax Certificates.
- take timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of the Regulations) to prevent from being considered "deliberate actions" any actions of the Authority which cause the conditions of the private business tests or the private loan financing test to be met resulting in private activity bonds.

All relevant records and contracts shall be maintained as described below and in the applicable Tax Certificate.

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Executive Director.

- Guaranteed investment contracts ("GIC") will be purchased only using the three-bid "safe harbor" of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.

- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Record Keeping Requirements

Unless otherwise specified in applicable Authority resolutions or Tax Certificates, the Authority shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Authority at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds;
- a copy of all contracts and arrangements involving private use of Bond-financed assets or for the private use of output or throughput of Bond-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.