

**SECOND SUPPLEMENT
TO THE
MASTER URBAN RENEWAL
TAX INCREMENT REVENUE
BOND DECLARATION**

for the

DOWNTOWN URBAN RENEWAL AREA

**An Urban Renewal Area of the Oregon City Urban Renewal Commission of
the City of Oregon City, Oregon**

Dated as of January 1, 2013

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DOWNTOWN URBAN RENEWAL AREA

**An Urban Renewal Area of the Oregon City Urban Renewal Commission of
the City of Oregon City, Oregon**

Second Supplement to the Master Urban Renewal Tax Increment Revenue Bond Declaration

Dated as of January 1, 2013

This Second Supplement to the Master Urban Renewal Tax Increment Revenue Bond Declaration (this “Second Supplemental Bond Declaration”), dated as of January 1, 2013, is executed and delivered by the Oregon City Urban Renewal Commission, and supplements the Master Urban Renewal Tax Increment Revenue Bond Declaration, dated as of July 1, 2008 (the “Master Bond Declaration”).

WHEREAS, on December 19, 1990, the City Commission of the City of Oregon City, Oregon (the “City”) adopted the Downtown/North End Urban Renewal Plan (the “Original Urban Renewal Plan”) for the Downtown Urban Renewal Area (the “Urban Renewal Area”) pursuant to Oregon Revised Statutes (the “ORS”) Chapter 457.

WHEREAS, on October 3, 2007, the City enacted Ordinance No. 07-1014, effective November 2, 2007, approving the Tenth Amendment to the Original Urban Renewal Plan for the Urban Renewal Area (the “Tenth Amendment”) (the Original Urban Renewal Plan as previously amended and as further amended by the Tenth Amendment, the “Plan”).

WHEREAS, pursuant to ORS Sections 457.420 through 457.450, the Oregon City Urban Renewal Commission of the City of Oregon City, Oregon (the “Agency”) is authorized to issue tax increment indebtedness for projects approved in the Plan and located within the Urban Renewal Area.

WHEREAS, the Plan establishes a maximum indebtedness of One Hundred Thirty Million One Hundred Thousand Dollars (\$130,100,000) to carry out the goals and objectives of the Plan, and upon execution and delivery of this Second Supplemental Bond Declaration the Agency will have incurred \$16,711,532 of such indebtedness, of which \$14,016,221 remains outstanding.

WHEREAS, pursuant to Resolution No. 08-03 dated June 18, 2008, as supplemented by Resolution No. 08-05 dated July 16, 2008, (collectively, the “Series 2008A Bonds Resolutions”), the Agency previously executed and delivered its Master Bond Declaration, and caused to be issued, pursuant to the Master Bond Declaration and the Series 2008A Bonds Resolutions, its \$9,000,000 aggregate principal amount of Downtown Urban Renewal Revenue Bonds, Series 2008A (Tax-Exempt) (the “Series 2008A Bonds”) to finance certain projects authorized by the Plan and within the Urban Renewal Area.

WHEREAS, the Agency amended and supplemented the Master Bond Declaration to undertake and finance certain additional projects authorized by the Plan within the Urban Renewal Area by securing a non-revolving line of credit in an aggregate principal amount of \$9,000,000 (the “2009 Credit Facility”) from U.S. Bank National Association (the “Bank”), with the payment obligations of the Agency with respect to the 2009 Credit Facility evidenced by an Amended and Restated Urban Renewal Revenue Bond Anticipation Note, Series 2010 (the “2010 Note”) in favor of the Bank.

WHEREAS, the Bank has agreed to refinance the 2009 Credit Facility and the 2010 Note through the issuance by the Agency of its Urban Renewal Revenue Bonds, Series 2013, which Bonds will be issued in two separate series, one issued on a tax-exempt basis and the other issued on a federally taxable basis (the “Series 2013 Tax-Exempt Bond” and the “Series 2013 Taxable Bond,” respectively, and together, the “Series 2013 Bonds”).

WHEREAS, the Agency intends to designate the Series 2013 Tax-Exempt Bond a “qualified-tax exempt obligation” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”).

WHEREAS, the Agency adopted Resolution No. UR13-01 on January 16, 2013 (the “Authorizing Resolution”), authorizing and directing the Authorized Representative to execute and deliver this Second Supplemental Bond Declaration and to negotiate, enter into, execute and deliver a Bond Purchase Agreement with the Bank to establish the terms and conditions of and relating to the Agency’s Series 2013 Bonds, with such obligations secured by Tax Increment Revenues (as defined in the Master Bond Declaration).

WHEREAS, the Series 2013 Bonds will be issued as Parity Obligations (as defined in the Master Bond Declaration) under the Master Bond Declaration and this Second Supplemental Bond Declaration, which will establish the terms and conditions of the Series 2013 Bonds as authorized and directed by the Authorizing Resolution.

NOW THEREFORE, to secure the payment of the principal of, premium, if any, and the interest on the Series 2013 Bonds as Parity Obligations issued and outstanding under the Master Bond Declaration and this Second Supplemental Bond Declaration, both according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Series 2013 Bonds are to be issued, the Agency does hereby covenant and agree, for the benefit of the Bank as the holder of the Series 2013 Bonds, and any of its successors and assignees from time to time, as follows:

ARTICLE I DEFINITIONS

Unless the context otherwise requires, capitalized terms used but not otherwise defined in this Second Supplemental Bond Declaration shall have the meanings given in the Master Bond Declaration. In addition, the following words and terms, as used in this Second Supplemental Bond Declaration and in the recitals hereto, shall have the following meanings unless the context

or use clearly indicates another or different meaning or intent. Such definitions shall be equally applicable to both the singular and plural forms of the terms and words herein defined.

“Agency” means the Oregon City Urban Renewal Commission of the City of Oregon City, Oregon, as described in the Recitals.

“Authorizing Resolution” means Resolution No. UR13-01 of the Agency adopted on January 16, 2013, as described in the Recitals.

“Bank” means U.S. Bank National Association, and its successors and assigns.

Bond Purchase Agreement” means the Bond Purchase Agreement dated as of January 31, 2013 between the Bank and the Agency in connection with the issuance, sale and purchase of the Series 2013 Bonds, substantially in the form attached hereto as Appendix B, as it may be amended or supplemented in accordance with its terms.

“City” means the City of Oregon City, Oregon.

“Master Bond Declaration” means the Master Urban Renewal Tax Increment Revenue Bond Declaration, dated as of July 1, 2008, as described in the Recitals.

“Original Urban Renewal Plan” means the Downtown/North End Urban Renewal Plan adopted by the City on December 19, 1990, as described in the Recitals.

“Plan” means the Original Urban Renewal Plan as currently amended, as described in the Recitals.

“Second Supplemental Bond Declaration” means this Second Supplement to the Master Urban Renewal Tax Increment Revenue Bond Declaration, dated as of January 1, 2013, as described in the Recitals.

“Series 2008A Bond Resolutions” mean the Agency’s Resolution No. 08-03 dated June 18, 2008, as supplemented by its Resolution No. 08-05 dated July 16, 2008, as described in the Recitals.

“Series 2008A Bonds” means the \$9,000,000 aggregate principal amount of Downtown Urban Renewal Revenue Bonds, Series 2008A (Tax-Exempt), as described in the Recitals.

“Series 2013 Bonds” means the Series 2013 Tax-Exempt Bond and the Series 2013 Taxable Bond.

“Series 2013 Taxable Bond” means the “Oregon City Urban Renewal Commission Urban Renewal Revenue Bond, Series 2013 (Federally Taxable)” in the initial principal amount of \$2,214,429.36.

“Series 2013 Tax-Exempt Bond” means the “Oregon City Urban Renewal Commission Urban Renewal Revenue Bond, Series 2013 (Tax-Exempt)” in the initial principal amount of \$1,231,970.64.

“Urban Renewal Area” means the Downtown Urban Renewal Area as established by the Plan and described in the Recitals.

ARTICLE II

AUTHORIZATION, TERMS AND PROVISIONS OF THE SERIES 2013 BONDS

Section 2.01 Authorization.

(a) General Authorization. Subject to the maximum indebtedness provisions of the Plan, Bonds, Parity Obligations or Subordinate Obligations may be issued at any time under and subject to the terms of the Master Bond Declaration and this Second Supplemental Bond Declaration.

(b) Series 2013 Bonds. The Agency has reviewed all proceedings heretofore taken relative to authorizing the issuance of the Series 2013 Bonds as Parity Obligations under the Master Bond Declaration and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by Law to exist, happen or be performed precedent to and in connection with issuance, on a parity basis with the Series 2008A Bonds under the Master Bond Declaration and the sale of the Series 2013 Bonds to the Bank do exist, have happened and have been performed in due time, form and manner as required by Law, and the Agency is now duly authorized, pursuant to each and every requirement of Law, to issue the Series 2013 Bonds as Parity Obligations in the manner and form provided in the Master Bond Declaration and this Second Supplemental Bond Declaration and enter into the Bond Purchase Agreement with the Bank and to sell such Bonds to the Bank pursuant to said Agreement. Accordingly, the Agency hereby authorizes the issuance of the Series 2013 Bonds, in substantially the forms attached hereto as Appendix A-1 and Appendix A-2, as Parity Obligations pursuant to the Master Bond Declaration and enter into the Bond Purchase Agreement with the Bank and to sell such Bonds to the Bank pursuant to said Agreement for the purposes set forth in the Recitals of this Second Supplemental Bond Declaration.

Section 2.02 Terms of the Series 2013 Bonds.

(a) Series 2013 Bonds. The Series 2013 Bonds, authorized to be issued by the Agency under and subject to the terms of the Master Bond Declaration, this Second Supplemental Bond Declaration and the Law shall be designated “Oregon City Urban Renewal Commission Urban Renewal Revenue Bond, Series 2013 (Tax-Exempt)” with a fixed interest rate of [____] percent ([____]%) per annum and in the principal amount of \$1,231,970.64 and “Oregon City Urban Renewal Commission Urban Renewal Revenue Bond, Series 2013 (Federally Taxable)” with a fixed interest rate of [____] percent ([____]%) per annum and in the principal amount of \$2,214,429.36, and shall contain other terms and conditions as set forth in the Bond Purchase Agreement. The Series 2013 Bonds shall be Parity Obligations under the Master Bond Declaration. Terms of the Series 2013 Bonds not specified herein shall be determined pursuant to the provisions of the Master Bond Declaration and the Bond Purchase Agreement.

Section 2.03 Prepayment of Series 2013 Bonds. The Series 2013 Bonds may be prepaid in whole or in part without premium or penalty as provided in the Bond Purchase Agreement.

ARTICLE III REFINANCING OF THE 2009 CREDIT FACILITY AND 2010 NOTE; DEPOSIT TO RESERVE ACCOUNT

Section 3.01 Refinancing of the 2009 Credit Facility and 2010 Note. The Series 2013 Bonds are being issued to refinance amounts advanced under the 2009 Credit Facility and outstanding under the 2010 Note. Upon issuance of the Series 2013 Bonds, the 2009 Credit Facility shall be terminated and the 2010 Note shall be cancelled by the Bank.

Section 3.02 Deposit to Reserve Account. In connection with the issuance of the Series 2013 Bonds, the Agency shall deposit, at closing, an amount equal to \$[_____] into the Reserve Account. Together with any available funds, such amount shall meet the Reserve Requirement for all Outstanding Bonds, including the Series 2013 Bonds.

Section 3.03 Temporary Fund. The Agency may establish and utilize a temporary fund or account in its records to facilitate and record any deposits and transfers required in connection with the refinancing of the 2009 Credit Facility and the 2010 Note and the issuance of the Series 2013 Bonds.

ARTICLE IV SERIES 2013 BONDS PROVISIONS

Section 4.01 Compliance with Master Bond Declaration Conditions for the Issuance of the Series 2013 Bonds as Parity Obligations. The Series 2013 Bonds shall be executed and delivered by the Agency as Parity Obligations and Additional Bonds pursuant to and under this Second Supplemental Bond Declaration and the Master Bond Declaration and delivered to the Registrar upon receipt by the Registrar of the documents or money or securities outlined in Section 4.03 of the Master Bond Declaration.

ARTICLE V SECURITY FOR THE SERIES 2013 BONDS

Section 5.01 Security and Pledge.

(a) The Series 2013 Bonds are secured and issued as Parity Obligations under the Master Bond Declaration and this Second Supplemental Bond Declaration. The Series 2013 Bonds are not general obligations of the Agency, but are payable solely and only from Tax Increment Revenues and the Security provided therefore under the Master Bond Declaration.

(b) The Agency hereby confirms that that Series 2013 Bonds are secured by and subject to the Agency's pledge of the Security pursuant to the Master Bond Declaration, including the Agency's right, title and interest in the Tax Increment

Revenues (including amounts held in the Tax Increment Revenue Account, and earnings thereon).

(c) The Agency hereby confirms that, pursuant to ORS 287A.310, or its successor provision in law, the pledge of the Security made by the Agency under the Master Bond Declaration is and shall be a valid and binding pledge and security interest in the Security for the benefit of the Bank as holder of the Series 2013 Bonds for the payment of the principal and interest of the Series 2013 Bonds in accordance with the terms of the Master Bond Declaration and this Second Supplemental Bond Declaration. The Security so pledged and hereafter received by the Agency is and shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of such pledge shall be superior to all other claims and liens whatsoever (except for such lien shall be on a parity with the lien of the Series 2008A Bonds and any other Parity Obligations) to the fullest extent permitted by ORS 287A.310, or its successor provision in law.

ARTICLE VI ADDITIONAL COVENANTS OF THE AGENCY

Section 6.01 Covenants for Benefit of the Holders of the Series 2013 Bonds. The Agency hereby represents and warrants that the Agency will abide by covenants usual and customary for transactions of this type, to include without limitation those covenants and agreements in Article VI of the Master Bond Declaration and those contained in the Bond Purchase Agreement, and further covenants to not issue any Additional Bonds or Subordinate Obligations except in compliance with the terms and conditions of the Master Bond Declaration and the Bond Purchase Agreement while the Series 2013 Bonds are outstanding.

ARTICLE VII MISCELLANEOUS

Section 7.01 Liability of Agency Limited to Tax Increment Revenues. Notwithstanding anything contained in this Second Supplemental Bond Declaration, the Master Bond Declaration, the Series 2013 Bonds or the Bond Purchase Agreement, the Agency shall not be required to advance any money derived from any source of income other than the Security and the Tax Increment Revenues for the payment of the interest on or the principal of the Series 2013 Bonds or for the performance of any covenants herein contained, other than the covenants contained in Section 6.15 of the Master Bond Declaration. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

The Series 2013 Bonds are special obligations of the Agency, issued, secured and payable on a parity with the Series 2008A Bonds and any other Parity Obligations, and are payable, as to interest thereon and principal thereof, exclusively from the Tax Increment Revenues, and the Agency is not obligated to pay them except from the Tax Increment Revenues. The Series 2013 Bonds are equally secured by a pledge of, and charge and lien upon the Security for the security and payment of the interest on and the principal of the Series 2013 Bonds, to the extent set forth in this Second Supplemental Bond Declaration and the Master

Bond Declaration. The Series 2013 Bonds are not a debt of the City of Oregon City, the State of Oregon or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable therefor, nor in any event shall the Series 2013 Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in this Second Supplemental Bond Declaration and the Master Bond Declaration.

Section 7.02 Application of Provisions of Master Bond Declaration. All of the provisions of the Master Declaration to the extent not inconsistent herewith, are hereby incorporated in this Second Supplemental Bond Declaration and made a part hereof. Notwithstanding any provision of this Second Supplemental Bond Declaration, all of the provisions of the Master Bond Declaration shall remain in effect and enforceable by the Paying Agent and the holders of any Bonds issued under the Master Bond Declaration as provided by the terms thereof. The supplements and amendments to the Master Bond Declaration contained in this Second Supplemental Bond Declaration are intended to equally and ratably secure the Series 2008A Bonds and any Parity Obligations. To the extent not otherwise expressly provided herein, the Series 2013 Bonds shall be of such terms, conditions and provisions, shall be issued upon and subject to such terms and conditions, and shall be entitled to such rights and benefits of a Parity Obligation, all as provided by the applicable terms, conditions and provisions of the Master Bond Declaration.

The Master Bond Declaration as supplemented hereby is in all such respects hereby ratified and confirmed and this Second Supplemental Bond Declaration and all provisions contained herein shall be deemed a part of the Master Declaration in the manner and to the extent herein and therein provided.

Section 7.03 Benefits of Second Supplemental Bond Declaration Limited to Parties. Nothing in this Second Supplemental Bond Declaration, expressed or implied, is intended to give to any person other than the Agency, the Registrar, the Paying Agent and the Bank any right, remedy or claim under or by reason of this Second Supplemental Bond Declaration. Any covenants, stipulations, promises or agreements in this Second Supplemental Bond Declaration contained by and on behalf of the Agency or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Registrar, the Paying Agent and the Owners.

Section 7.04 Waiver of Personal Liability. No member, officer or employee of the Agency shall be individually or personally liable for the payment of the interest on or principal of the Series 2013 Bonds; but nothing herein contained shall relieve any member, officer or employee of the Agency from the performance of any official duty provided by Law.

Section 7.05 Funds and Accounts. Any fund or account required by this Second Supplemental Bond Declaration to be established and maintained by the Agency or the Paying Agent may be established and maintained in the accounting records of the Agency or the Paying Agent either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Series 2013 Bonds.

Section 7.06 Article and Section Headings and References. The headings or titles of the several articles and sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Second Supplemental Bond Declaration.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of this Second Supplemental Bond Declaration, unless otherwise provided; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Second Supplemental Bond Declaration as a whole and not to any particular article, section or subdivision hereof.

Section 7.07 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in this Second Supplemental Bond Declaration to be performed on the part of the Agency (or of the Registrar or the Paying Agent) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of this Second Supplemental Bond Declaration or of the Series 2013 Bonds or the Bond Purchase Agreement; but the Bank shall retain all the rights and benefits accorded to it under the Law or any other applicable provisions of law. The Agency hereby declares that it would have entered into this Second Supplemental Bond Declaration and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized entering into, securing and issuing the Series 2013 Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Second Supplemental Bond Declaration or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 7.08 Notices. All notices required to be given hereunder to the Agency and the Registrar shall be sent to the following addresses:

Agency: Oregon City Urban Renewal Commission
City of Oregon City, Oregon
625 Center Street
Oregon City, Oregon 97045
Attention: Urban Renewal Chairperson

Section 7.09 Governing Law. This Second Supplemental Bond Declaration shall be construed and governed in accordance with the Law.

Section 7.10 Second Supplemental Bond Declaration Incorporated into the Master Bond Declaration. This Second Supplemental Bond Declaration and all the terms and provisions herein contained shall form part of the Master Bond Declaration as fully and with the same effect as if all such terms and provisions had been set forth in the Master Bond Declaration. The Master Bond Declaration shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented hereby.

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IN WITNESS WHEREOF, the Agency hereby executes and delivers this Second Supplemental Bond Declaration effective as of the day and year first written above.

By: _____
Wyatt Parno, Finance Director

APPENDIX A-1

FORM OF SERIES 2013 TAX-EXEMPT BOND

APPENDIX A-2

FORM OF SERIES 2013 TAXABLE BOND

APPENDIX B

FORM OF BOND PURCHASE AGREEMENT