

EXHIBIT A

FIRST SUPPLEMENTAL
MORTGAGE AND INDENTURE OF TRUST

among

CITY OF PORTLAND, OREGON

and

UNITED STATES NATIONAL BANK OF OREGON,

as Trustee

and

TED L. MILLAR

Relating to the

\$2,000,000

City of Portland, Oregon
Economic Development Revenue Bonds
(Westwood Corporation Project)

Dated as of May 15, 1988

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(This Index is not a part of the First Supplemental Mortgage and Indenture of Trust but is for convenience of reference only.)

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FIRST SUPPLEMENTAL MORTGAGE
AND INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL MORTGAGE AND INDENTURE OF TRUST is dated as of the 15th day of May, 1988, by and among the CITY OF PORTLAND, OREGON, a municipality of the State of Oregon, (the "Issuer"), the UNITED STATES NATIONAL BANK OF OREGON, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee") and TED L. MILLAR, an individual (the "Borrower").

Pursuant to an ordinance adopted by the City Council of the Issuer on March 14, 1985, the Issuer approved of the issuance and sale of its Economic Development Revenue Bonds (Westwood Corporation Project) in the aggregate principal amount of \$2,000,000 (the "Original Bonds").

Pursuant to such ordinance, the Issuer, the Trustee and the Borrower entered into a Mortgage and Indenture of Trust dated as of December 1, 1985 (the "Original Indenture") relating to the Original Bonds.

Section 10.02 of the Original Indenture provides that the Original Indenture may be modified and supplemented in the manner contemplated herein with the prior written consent of the Registered Owners of 100% in principal amount of the Outstanding Bonds, which consent has been duly obtained and filed with the Trustee and the Issuer; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth herein, the Issuer, the Trustee and the Borrower hereby agree as follows:

ARTICLE ONE

Section 1.01. Amended Definitions. The Original Indenture is hereby modified, amended and supplemented so that the following terms when used in the Original Indenture or in this First Supplemental Indenture shall have the respective meanings set forth below notwithstanding anything to the contrary in the Original Indenture:

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

"First Amendment" means the First Amendment to Loan Agreement dated as of May 15, 1988 between the Issuer and the Borrower.

"First Supplemental Indenture" means this First Supplemental Mortgage and Indenture of Trust dated as of May 15, 1988 among the Issuer, the Trustee and the Borrower.

"Indenture" means the Original Indenture as modified, supplemented and amended by the First Supplemental Indenture.

"Ordinance" means the ordinance adopted by the Issuer on _____, 1988 authorizing the execution and delivery of the First Supplemental Indenture and the First Amendment.

"Original Agreement" means the Loan Agreement dated as of December 1, 1985 between the Issuer and the Borrower.

"Original Bonds" means the bonds as originally issued under the Original Indenture.

"Original Indenture" means the Mortgage and Indenture of Trust dated as of December 1, 1985 among the Issuer, the Trustee and the Borrower.

Section 1.02. Other Terms as Defined in the Original Indenture. All other terms used in this First Supplemental Indenture and in the Original Indenture and not otherwise defined in this First Supplemental Indenture shall have the respective meanings assigned thereto in the Original Indenture.

ARTICLE TWO

Section 2.01. Extraordinary Redemption. Article Two, Section 2.05(b)(4) is amended in its entirety to read as follows:

"(4) As a result of any changes in the Internal Revenue Code of 1986, as amended, including rules and regulations promulgated thereunder or any administrative or judicial interpretation thereof, unreasonable burdens or excessive liabilities shall have been imposed upon Ted L. Millar with respect to his obligations under the Guaranty Agreement."

Section 2.02. Interest Rate Amendment. Article Three, Section 3.01(f) of the Original Indenture is amended in its entirety to read as follows:

"(f) Prior to the Taxable Date, the outstanding principal balance of the Bonds shall bear interest as follows:

(1) From the date of original issue to and including May 14, 1988, interest shall be payable at an annual rate of nine and three quarters percent (9.75%) per annum.

(2) On and after May 15, 1988 to the final maturity of the Bonds, interest shall be payable at an annual rate of eight and three quarters percent (8.75%) per annum.

Interest shall be computed on the basis of a 30/360 day year. The interest rate shall be increased upon the occurrence of an Event of Taxability."

Section 2.03. Form of Bonds.

(a) Article Three, Section 3.02 of the Original Indenture is amended in its entirety to read as follows:

"(Form of Registered Series 1985 Bond)

CITY OF PORTLAND, OREGON
ECONOMIC DEVELOPMENT REVENUE BONDS

(WESTWOOD CORPORATION PROJECT)

No. R-

THE CITY OF PORTLAND, OREGON, a municipality of the State of Oregon (the 'Issuer'), for value received, will pay to the United States National Bank of Oregon (the 'Registered Owner') or its registered assigns from the Loan Repayments and sources and in the manner hereinafter provided and upon presentation and surrender hereof, the principal sum of

_____ Dollars
(\$ _____) on November 15, 19____, and to pay interest on the outstanding principal balance hereof in like lawful money from the interest payment date next succeeding the date of authentication of this bond unless this bond is authenticated as of an interest payment date, in which event it shall bear interest from the date of authentication hereof, or unless this bond is registered prior to May 15, 1986 in which event it shall bear interest from the date

of authentication until payment of the principal sum hereof shall be discharged, as provided in the Indenture hereinafter mentioned and at the interest rate herein after set forth.

Prior to the Taxable Date (as defined in the Indenture referred to below) the outstanding principal balance hereof shall bear interest as follows:

(1) From the date of this bond to and including May 14, 1988, interest shall be payable at an annual rate of nine and three quarters percent (9.75%) per annum.

(2) On and after May 15, 1988, interest shall be payable at an annual rate of eight and three quarters percent (8.75%) per annum.

From and after the Taxable Date (if any), the outstanding principal balance owing hereunder shall bear interest payable semiannually as provided above at an annual rate equal to the Prime Rate plus two percent (2%) (the 'Taxable Rate') and to be adjusted effective on the day of each change in the Prime Rate. As used herein, the phrase 'Prime Rate' shall mean that rate of interest publicly announced by the United States National Bank of Oregon from time to time as its prime rate, and is not necessarily the lowest rate of interest charged by the Bank to any borrower or class of borrowers. The Taxable Rate shall change from time to time as changes in the Prime Rate occur, and shall be not less than the tax-exempt rate otherwise borne by this bond. In the event the interest is payable at the Taxable Rate then interest shall be calculated on the basis of actual days elapsed. Interest will be payable semiannually on the fifteenth day of May and the fifteenth day of November of each year commencing May 15, 1986, payable to maturity.

The interest payable on this bond shall be payable in immediately available funds delivered by book transfer, wire transfer or by check delivered to or mailed to the registered owner hereof at its address as it appears on the registration books of the Paying Agent and Registrar. Interest shall be payable to the registered owner in whose name this bond is registered as of the last business day of the month next preceding the month in which such interest payment date occurs, as shown by the registration books of the Issuer to be maintained by the Paying Agent and Registrar.

This bond is one of a duly authorized series of bonds designated City of Portland, Oregon Economic Development Revenue Bonds (Westwood Corporation Project) in the aggregate principal amount of Two Million Dollars (\$2,000,000) issued for the purpose of providing funds to Ted L. Millar, an individual (the 'Borrower') for the financing of the Project as hereafter defined for lease to

Westwood Corporation Developers and Contractors, an Oregon corporation (the 'Company') located in the City of Portland, Oregon, for the purposes of providing funds for the construction and equipping of a regional headquarters office building and a warehouse facility for the use and occupancy by the Company and for acquisition of machinery for use therein and for the partial demolition and renovating and additions to an existing structure on the site, to be owned by the Borrower and to be occupied by the Company to receive, assemble, warehouse and ship construction components and client equipment and service, repair and maintain all equipment used in the Company's development and construction business, and on the terms and conditions set forth in a Loan Agreement between the Issuer and the Borrower dated as of the 1st day of December, 1985, as amended by a First Amendment to Loan Agreement dated as of May 15, 1988 (the 'Loan Agreement').

This bond is one of an authorized series of bonds (the 'Bonds') of the Issuer issued under and equally and ratably secured and entitled to the protection given by a Mortgage and Indenture of Trust dated as of December 1, 1985, as amended by a First Supplemental Mortgage and Indenture of Trust dated as of May 15, 1988 (the 'Indenture'), duly executed and delivered by the Issuer to the United States National Bank of Oregon, in Portland, Oregon as Trustee, copies of which are on file in the offices of the Issuer and the Trustee, including all indentures supplemental thereto, to which Indenture reference is hereby made for a statement of the nature and extent of the security, the rights of the Issuer, the Trustee and the registered owners, and the terms upon which the Bonds are issued and secured. In addition, the Corporation has unconditionally guaranteed the payment of the principal of and interest on the Bonds pursuant to a Guaranty Agreement dated as of December 1, 1985.

All outstanding Bonds are subject to redemption and prepayment, at par, at any time, if:

(a) The Project shall have been damaged or destroyed to such extent that, in the opinion of the Borrower and an opinion of an independent consulting engineer, expressed in a certificate in each case, filed with the Issuer and the Trustee,

(1) the Project cannot be reasonably restored within a period of six months from the date of such certificate to the condition thereof immediately preceding such damage or destruction, or

(2) the Company is thereby prevented or likely to be prevented from carrying on its normal operations for a period of six months from the date of such certificate.

(b) Title to a material portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority.

(c) As a result of any changes in the Constitution of the State of Oregon or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of final decree, judgment or order of any court or administrative body (whether state or federal) the obligations of the Borrower under the Loan Agreement shall have become unenforceable or impossible of performance in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed upon the Issuer or the Borrower with respect to the Project or the operation thereof as a result of the imposition of federal, state or other ad valorem property income or other taxes, other than ad valorem taxes presently levied upon privately-owned property used for the same general purpose as the Project.

(d) As a result of any changes in the Internal Revenue Code of 1986, as amended, including rules and regulations promulgated thereunder or any administrative or judicial interpretation thereof, unreasonable burdens or excessive liabilities shall have been imposed upon the Borrower with respect to its obligations under the Guaranty Agreement.

The Indenture provides that in any of the events described in the foregoing clauses (a) through (d) the Borrower may direct the Issuer to call all of the outstanding Bonds for redemption and prepayment, and in any such event all outstanding Bonds shall be redeemed at 100% of their principal amount and accrued interest to the date fixed for redemption on the earliest date for which the Trustee can cause the notice of redemption to be given in the manner prescribed by the Indenture.

The Bonds are subject to optional redemption by the Borrower at par value plus accrued interest at a Taxable Rate upon the occurrence of an Event of Taxability as provided in the Indenture.

When the Bonds are called for redemption as aforesaid, a notice thereof identifying the Bonds to be redeemed shall be given as provided by law and by the mailing of a copy of the redemption notice by first class mail at least thirty days prior to the redemption date to the Registered Owner of each Bond to be redeemed at the address shown on the registration books.

This Bond and the series of which it forms a part is issued pursuant to and in full compliance with the constitution and laws of the State of Oregon, particularly Oregon Revised Statutes 280.410 to 280.485, inclusive, and pursuant to an ordinance adopted and approved by the City Council of the City of Portland, Oregon, which authorized the execution and delivery of the Loan Agreement, the Indenture and the Bonds.

The Bonds are special obligations of the Issuer payable solely from the Loan Repayments due from the Corporation at least sufficient to pay the principal of and interest on the Series 1985 Bonds and to pay the Trustee's and Paying Agent and Registrar's fees and other expenses in connection with the Bonds and from property and funds pledged pursuant to the Indenture. The Loan Repayments sufficient for these purposes are to be paid to the Trustee by the Borrower for the account of the Issuer and credited to a Bond Revenue Fund as a Special Trust Fund and such Loan Repayments have been pledged for that purpose. The Bonds are further secured by an assignment of the right, title and interest of the Issuer in the Loan Agreement and the Guaranty Agreement, to the extent and as more particularly described in the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF THE ISSUER EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE AND ASSIGNMENT. THE ISSUER IS NOT OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON EXCEPT FROM REVENUES RECEIVED BY THE ISSUER AND FROM THE SPECIAL TRUST FUNDS ON DEPOSIT WITH THE TRUSTEE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

If an Event of Default, as that term is defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provided that in certain events such declaration and its consequences may be rescinded by the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding or by the Trustee. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Upon the occurrence of an Event of Default, the prevailing party may recover reasonable attorneys' fees and costs of any litigation or appeal as provided for in the Indenture.

Modifications or alterations of the Indenture or of any supplemental indenture thereto, or the Loan Agreement, or any supplement thereto may be made only to the extent and in the circumstances permitted by the Indenture and the Loan Agreement.

The bonds are issuable as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, fully registered Bonds may be exchanged at the office of the Paying Agent and Registrar for a like aggregate principal amount of fully registered Bonds of the same maturity and of other authorized denominations.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Paying Agent and Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer a new registered bond or bonds of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

This Bond is issued with the intent that the laws of the State of Oregon will govern its construction.

IT IS HEREBY CERTIFIED AND RECITED that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Oregon, and the charter of the Issuer and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution, the laws of the State of Oregon or the Charter of the Issuer and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the Certification of Authentication hereon endorsed shall have been signed by the Registrar.

IN WITNESS WHEREOF, the CITY OF PORTLAND, OREGON, has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, or by the Director of

Fiscal Administration or by the Executive Director of the Portland Development Commission and attested by the City Auditor, all as of the _____ day of December, 1985.

CITY OF PORTLAND, OREGON

(SEAL)

By _____

ATTEST:

City Auditor

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the bonds described in the within-mentioned Indenture.

UNITED STATES NATIONAL BANK OF OREGON
as Registrar

By _____
Authorized Signature

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right
of survivorship and not as
tenants in common

ARTICLE THREE

Section 3.01. Severability. If any provision of this First Supplemental Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

The invalidity of any portion of this First Supplemental Indenture shall not affect any or all of the remaining portions of this First Supplemental Indenture.

Section 3.02. Original Indenture to Remain in Effect. Except as expressly modified, supplemented and amended by this First Supplemental Indenture, the Original Indenture shall be and remain in full force and effect.

Section 3.03. Captions. The captions or headings in this First Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this First Supplemental Indenture.

Section 3.04. Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.05. Governing Law. This First Supplemental Indenture shall be construed under the laws of the State of Oregon.

IN WITNESS WHEREOF, the Issuer and the Trustee have each caused this First Supplemental Indenture to be executed in its name and behalf by its authorized officer, and the Borrower has personally executed this First Supplemental Indenture, all as of the date first above written.

CITY OF PORTLAND, OREGON

By: _____

"Issuer"

ATTEST:

UNITED STATES NATIONAL BANK
OF OREGON, as Trustee

By: _____
Authorized Officer
"Trustee"

TED L. MILLAR
"Borrower"

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this _____
day of May, 1988, by _____, as
_____, and _____, as
_____, of the City of Portland, Oregon.

(SEAL)

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this _____
day of May, 1988, by Ted L. Millar.

(SEAL)

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this _____
day of May, 1988, by _____, an
Authorized Officer of the United States National Bank of Oregon, on
behalf of the United States National Bank of Oregon, as Trustee.

(SEAL)

Notary Public for Oregon
My Commission Expires: _____

EXHIBIT B

FIRST AMENDMENT TO
LOAN AGREEMENT

between

CITY OF PORTLAND, OREGON

as the "Issuer"

and

TED L. MILLAR

as the "Borrower"

Relating to the

\$2,000,000

City of Portland, Oregon
Economic Development Revenue Bonds
(Westwood Corporation Project)

Dated as of May 15, 1988

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FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (the "First Amendment") is made and entered into as of May 15, 1988 by and between the CITY OF PORTLAND, OREGON (the "Issuer") and TED L. MILLAR, an individual (the "Borrower").

Pursuant to an ordinance adopted by the City Council of the Issuer on March 14, 1985, the Issuer approved of the issuance and sale of its Economic Development Revenue Bonds (Westwood Corporation Project) in the aggregate principal amount of \$2,000,000 (the "Original Bonds").

Pursuant to such ordinance, the Issuer, the Trustee and the Borrower entered into a Mortgage and Indenture of Trust dated as of December 1, 1985 (the "Original Indenture") relating to the Original Bonds.

Pursuant to such ordinance, the Issuer and the Borrower entered into a Loan Agreement dated as of December 1, 1985 (the "Original Agreement") pursuant to which the Borrower is required to make Loan Repayments in an amount sufficient to ensure the timely payment, when due, of all amounts owing under the Original Bonds.

Section 11.02 of the Original Indenture provides that the Original Agreement may be modified and supplemented in the manner contemplated herein with the prior written consent of the Registered Owners of 100% in principal amount of the Outstanding Bonds, which consent has been duly obtained and filed with the Trustee and the Issuer.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements set forth herein, the Issuer and the Borrower hereby agree as follows:

ARTICLE ONE

DEFINITIONS

Section 1.1. General. When used herein, the following terms shall have the respective meanings set forth below:

"Amended Bonds" means the bonds issued pursuant to the Indenture.

"Bond Year" means the one-year period beginning on the Date of Issuance and ending on the day prior to the first anniversary thereof, and each subsequent one-year period thereafter.

"Computation Period" means the period from the Date of Issuance through the date as of which the Rebate Amount is determined pursuant to Section 2.3 of the First Amendment.

"Date of Issuance" means December 19, 1985.

"Rebate Amount" means the amount calculated from time to time pursuant to Section 2.3 of the First Amendment.

Section 1.2. Terms Defined in the First Supplemental Indenture. The Original Agreement is hereby modified, supplemented and amended so that the following terms when used in the Original Agreement and in this First Amendment shall have the respective meanings assigned thereto in the First Supplemental Indenture: Code, First Amendment, First Supplemental Indenture, Indenture, Original Agreement, Original Bonds, Original Indenture and Ordinance.

Section 1.3. Other Terms as Defined in the Original Agreement. All other terms used in this First Amendment and not otherwise defined herein shall have the respective meanings assigned thereto in the Original Agreement.

ARTICLE TWO

MISCELLANEOUS

Section 2.1. Reaffirmation of Borrower Representations. The Borrower hereby reaffirms the Borrower's representations made in Section 2.02 of the Original Agreement with the same force and effect as if such representations were set forth in this First Amendment and given and made anew on the date of execution and delivery of this First Amendment. In addition, the Borrower hereby covenants and warrants that no "gross proceeds" (as defined in Section 148 of the Code) will be created by the First Supplemental Indenture or the First Amendment.

Section 2.2. Nonarbitrage and Rebate Covenant. The Borrower and the Issuer shall make no use of the gross proceeds of the Amended Bonds, or any funds which may be deemed to be gross proceeds of the Amended Bonds pursuant to Section 148 of the Code, which would cause the Amended Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Issuer and the Borrower shall comply with the requirements of such Section 148 of the Code throughout the term of the Amended

Bonds. The Issuer, at the direction of and solely with the moneys provided therefor by the Borrower, shall pay any rebates to the United States Government as may be required by Section 148 of the Code. Any expense incurred by the Issuer in complying with this Section 2.2 shall be paid by the Borrower.

Section 2.3. Rebate Calculation. The Borrower recognizes that the execution of the First Supplemental Indenture will result in the Original Bonds being "reissued" for federal income tax purposes. The effect of this reissuance is that the Original Bonds will be deemed to be retired and replaced with the Amended Bonds and any rebatable amount with respect to the Original Bonds must be paid to the United States of America within sixty (60) days of the reissuance. Therefore, the Borrower covenants to calculate, or cause to be calculated, the Rebate Amount in such manner as hereinafter provided.

The Rebate Amount is an amount determined as follows:

(a) The aggregate amount earned during the Computation Period on the amounts on deposit in the accounts created pursuant to the Original Indenture, minus

(b) The aggregate amount that would have been earned during the Computation Period on the amounts on deposit in the accounts created pursuant to the Original Indenture if such amounts had been invested at a yield equal to the yield on the Original Bonds for such Computation Period, plus

(c) Any income (whether or not that income exceeds the yield on the Original Bonds) attributable to the excess of the amount determined in subparagraph (a) above over the amount determined in subparagraph (b) above.

If the gross earnings on any bona fide debt service fund relating to the Original Bonds for any Bond Year during the Computation Period are less than \$100,000 in the aggregate, the amount of earnings on such bona fide debt service fund for each such Bond Year shall be subtracted from the amounts calculated pursuant to subparagraphs (a) and (b) above.

The Rebate Amount shall be calculated not later than fifty-eight (58) days following the execution of the First Supplemental Indenture by all parties thereto.

The Borrower shall deliver or cause to be communicated to the Trustee the determination of the Rebate Amount in a writing signed by the Borrower not later than fifty-eight (58) days after such execution of the First Supplemental Indenture by all parties thereto, provided that if such fifty-eighth (58th) day

is not a Business Day, then not later than three (3) Business Days prior to the sixtieth (60th) day. Such determination shall be accompanied by a certification thereof by certified public accountants or Bond Counsel of nationally recognized standing.

As used in this Section 2.3, the term "yield" means that yield which when used in computing the present worth of all payments of principal and interest to be paid on the Original Bonds during the period for which the computation is to be made produces an amount equal to its issue price (with adjustments for discount or premium, if any). The yield on investments of monies in the accounts created pursuant to the Original Indenture must be computed by using the same frequency interval of compounding as applicable to the Original Bonds.

The aggregate amount of investment earnings on any account shall include all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income taxation) with respect to an obligation and with respect to the reinvestment of investment receipts from such obligation. Any transaction costs incurred in acquiring, carrying, selling or redeeming such obligations may not be offset in determining the aggregate amounts earned. If any investments are retained after the amendment of the Original Bonds, any unrealized gain or loss as of such amendment date shall be taken into account in calculating the aggregate earnings. Gain or loss shall be computed with reference to the fair market value of an obligation or a security on the date that it is deposited into the respective fund.

The Borrower shall maintain or cause to be maintained records of the determinations of the Rebate Amount pursuant to this Section 2.3 for ten (10) years after the amendment of the Original Bonds.

This Section 2.3. shall be construed in accordance with Section 148(f) of the Code, including, without limitation, Section 1.103-15AT of the Regulations promulgated under the Code.

Section 2.4. Borrower Bound by First Supplemental Indenture. The First Supplemental Indenture has been submitted to the Borrower for execution and the Borrower, by execution of this First Amendment, acknowledges and agrees that it has participated in the preparation of the First Supplemental Indenture and agrees that he has approved of the First Supplemental Indenture and agrees that he is bound by and shall have the rights and duties set forth by the terms and conditions thereof and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

Section 2.5. Original Agreement to Remain in Effect. Except as expressly modified, supplemented and amended by this First Amendment, the Original Agreement shall be and remain in full force and effect.

Section 2.6. Severability. If any clause, provision or section of the First Amendment be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 2.7. Execution in Counterparts. The First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 2.8. Captions and Table of Contents. The captions or headings and the Table of Contents in the First Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions of the First Amendment.

Section 2.9. Applicable Law. The First Amendment shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State of Oregon.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed as of the day and year first above written.

CITY OF PORTLAND, OREGON

By _____

"Issuer"

Ted L. Millar

"Borrower"

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
_____ day of May, 1988 by _____, the
_____ of the City of Portland, Oregon.

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
_____ day of May, 1988 by Ted L. Millar.

Notary Public for Oregon
My Commission Expires: _____

ORDINANCE NO. 160880

*Amend Ordinance No. 158053 to reflect certain changes to the terms of the City's Economic Development Revenue Bonds (Westwood Corporation Project)

The City of Portland ordains:

Section 1. The Council finds:

1. That Ordinance No. 158053 passed by the Council on December 12, 1985 authorized the issuance and sale of the City's Economic Development Revenue Bonds (Westwood Corporation Project) (The "Bonds") and the execution of related documents, including a Mortgage and Indenture of Trust (the "Original Indenture") and a Loan Agreement (the "Original Agreement"), both dated as December 1, 1985.
2. That the Ordinance No. 158053, the Original Indenture and the Original Agreement contain provisions for the adjustment of the interest rate payable on the Bonds under certain circumstances identified in the Original Indenture.
3. That the City and United States National Bank of Oregon, the purchaser and present holder of all of the Bonds, have agreed to eliminate such rate adjustment provisions and fix the rate payable on the Bonds at 8.75% per annum commencing as of May 15, 1988.
4. That Ordinance No. 158053, the Original Indenture and the Original Agreement should be amended to reflect the changes to the terms of the Bonds.
5. That bond counsel has reviewed the proposed changes to the terms of the Bonds and has advised the City that certain other amendments to the Original Indenture and the Original Agreement relating to rebate of excess earnings to the United States of America are necessary in order to maintain the tax-exempt status of the interest on the Bonds.
6. That bond counsel has prepared a First Supplemental Mortgage and Indenture of Trust (the "Supplemental Indenture"), a copy of which is attached hereto as Exhibit A, and a First Amendment to Loan Agreement (the "First Amendment"), a copy of which is attached hereto as Exhibit B, containing the changes to the terms of the Bonds and the necessary amendments to the Original Indenture and the Original Agreement.
7. That the Supplemental Indenture and the First Amendment are authorized by Section 10.02 and 11.02 of the Original Indenture.

ORDINANCE No.

8. That the Portland Development Commission staff has reviewed and approved of the Supplemental Indenture and the First Amendment.

NOW, THEREFORE, the Council directs:

- a. That the second paragraph of Section 2 of Ordinance No. 158053 is hereby amended in its entirety to read as follows:

"Prior to the Taxable Date (as defined in the Indenture), the outstanding principal balance shall bear interest as follows:

- (a) From the date of closing to and including May 14, 1988, interest shall be payable at an annual rate of 9.75% per annum.
- (b) On and after May 15, 1988, interest shall be payable at an annual rate of 8.75% per annum.

From and after the Taxable Date (if any), the outstanding principal balance shall bear interest payable semi-annually at an annual rate equal to the Prime Rate plus 2%, and to be adjusted effective on the day of each change in the Prime Rate as defined in the Indenture. Issuance of the Bonds is hereby approved pursuant to Section 103(k) of the Internal Revenue Code."

- b. That the Supplemental Indenture as attached hereto as Exhibit A, and the First Amendment, as attached hereto as Exhibit B, are approved with such changes as are approved by the City Attorney.
- c. That the Mayor, the Director of the Office of Fiscal Administration or the Executive Director of the Portland Development Commission, and each of them, are authorized to execute and deliver on behalf of the City the Supplemental Indenture, the First Amendment and such other documents as recommended by counsel, the forms of which have been approved by the City Attorney, to carry out the terms of this Ordinance.

Section 2. The Council declares that an emergency exists because delay in enactment of this Ordinance would result in the expiration of United States National Bank of Oregon's offer to reduce the interest rate on the Bonds; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, **JUN 9 1988**

Mayor Bud Clark
PDC: LLB: ce
5/31/88

BARBARA CLARK
Auditor of the City of Portland
By *Mary E. Newell* Deputy

Calendar No. **1003**

ORDINANCE No. 160880

Title

* make.
certain changes to the terms of the
City's Economic Development Revenue
Bonds (Westwood Corporation Project)
(Ordinance; amend 158053)

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Yeas	Nays
BLUMENAUER	1	
BOGLE	1	
KOCH	1	
LINDBERG		
CLARK	1	

FOUR-FIFTHS CALENDAR	
BLUMENAUER	
BOGLE	
KOCH	
LINDBERG	
CLARK	

INTRODUCED BY
Mayor Bud Clark

NOTED BY THE COMMISSIONER
Affairs
Finance and Administration <i>J. Bud Clark</i>
Safety
Utilities
Works

BUREAU APPROVAL
Bureau: Portland Development Commission
Prepared By: Larry Brown Date: May 31, 1988
Budget Impact Review: <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Not required
Bureau Head: <i>Patrick L. Lacrosse</i> Patrick L. Lacrosse

CALENDAR
Consent <input checked="" type="checkbox"/> Regular

NOTED BY
City Attorney
City Auditor
City Engineer

Filed JUN 03 1988

BARBARA CLARK
Auditor of the CITY OF PORTLAND

By *Mary L. Howard*
Deputy