

A Resolution of the

Urban Renewal Agency of the

City of Wilsonville, Oregon

authorizing the issuance and negotiated sale of

URBAN RENEWAL BONDS, SERIES 1994

in an aggregate principal amount of

not more than \$10,000,000.

Adopted 6/6, 1994

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THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

RESOLUTION NO. 18

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF URBAN RENEWAL BONDS, SERIES 1994 IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$10,000,000.

WHEREAS, the Urban Renewal Agency of the City of Wilsonville (the "Agency") finds it desirable to issue its urban renewal bonds to pay for the costs of urban renewal projects in the Year 2000 Urban Renewal Area; and,

WHEREAS, the Agency finds it desirable to sell bonds to BA Securities or an affiliate.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, OREGON, RESOLVES AS FOLLOWS:

1. Definitions.

For purposes of this Resolutin, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

"Accelerated Redemption Account" means the account of that name in the Tax Increment Fund established in Section 4.6.

"Agency" means the Urban Renewal Agency of the City of Wilsonville, Oregon.

"Agency Official" means the Finance Director of the City or the person designated in writing by the Finance Director to act as Agency Official under this Resolution.

"Area" means the Year 2000 Urban Renewal Area which is described in the Plan, and all additions thereto.

"Available Tax Increment Revenues" means the largest amount of Tax Increment Rvenues which the Agency could have received during the most recently completed Bond Year. In calculating Available Tax Increment Revenues, any variables affecting the certification or collection of the Tax Increment Revenues which are within the control of the Agency or the City (other than the levy of ad valorem taxes by the City and the collection of other charges by the City which are subject to the limitations of article XI, Section 11b of the Oregon Constitution) may be assumed to have been at their most favorable levels. For example, if the Agency certified less than the maximum amount of Tax Increment Revenues for collection for the most recently completed Bond Year, in calculating Available Tax

assumed to have been at their most favorable levels. For example, if the Agency certified less than the maximum amount of Tax Increment Revenues for collection for the most recently completed Bond Year, in calculating Available Tax Increment Revenues for that Bond Year it may be assumed that the Agency certified the maximum amount of Tax Increment Revenues.

“Bond Account” means the account of that name in the Tax Increment Fund established in Section 4.3.

“Bond Year” means the twelve month period beginning on November 1 of each year, and ending on October 31 of the following year; the first Bond Year begins on November 1, 1994.

“Bonds” means the Series 1994 Bonds and any Parity Bonds.

“City” means the City of Wilsonville, Oregon, a city duly organized and existing under and by virtue of the laws of the State of Oregon and the Charter of the City.

“Closing” means the date on which a Series of Bonds are delivered in exchange for payment.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Debt Service” means Bond principal, interest and any premium.

“Fiscal Year” means the one year period commencing July 1 and ending the following June 30.

“General Account” means the account of that name in the Tax Increment Fund established in Section 4.

“Maximum Annual Debt Service” means the greatest amount of Bond principal and interest which are scheduled to be paid in any single fiscal year on Bonds which are Outstanding, whether at maturity or through mandatory redemption.

“Operations Account” means the account of that name in the Tax Increment Fund established in Section 4.5.

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Resolution, except Bonds theretofore canceled or defeased pursuant to Section 15 of this Resolution, and Bonds which have matured and not been presented for payment (provided sufficient funds to pay those Bonds have been transferred to the Registrar).

“Owners” or “Bondowners” means the registered owners of registered Bonds, as shown

on the Bond Register maintained by the Bond Registrar for each issue of Bonds, and the holders of any bearer Bonds.

“Parity Bonds” means the Series 1994 Bonds and any Parity Bonds issued pursuant to Section 7.2.

“Payment Date” means a date on which Bond principal or interest is due to be paid.

“Plan” means the Agency's Year 2000 Urban Renewal Plan, which is dated August 29, 1990, as amended by Ordinances No. 385 and 416, and as the plan may be amended from time to time.

“Prior Collections Account” means the account of that name in the Tax Increment Fund.

“Project Fund” means the fund of that name established in Section 5.1.

“Record Date” means the fifteenth day of the month which precedes a Payment Date.

“Registrar” means the paying agent and registrar for the Bonds appointed pursuant to Section 14.2.

“Reserve Account” means the account of that name in the Tax Increment Fund established in Section 4.4.

“Reserve Equivalent” means an insurance policy, surety bond or guarantee or letter of credit issued by a municipal bond insurance company, a domestic corporation or a commercial bank having a credit rating (when the policy, bond, or letter of credit is issued) of at least A by Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service, or their successors, in which the insurance company, corporation or commercial bank agrees unconditionally to provide the Agency with funds for the payment of Debt Service.

“Reserve Requirement” means an amount equal to Maximum Annual Debt Service on all Outstanding Bonds.

“Resolution” means this resolution authorizing the Series 1994 Bonds, as it may be amended from time to time pursuant to Section 9.

“Series” or “Series of Bonds” refers to all Bonds which are issued at one time, pursuant to a single resolution, ordinance or other authorizing document of the issuer, regardless of variations in maturity, interest rate or other provisions.

“Series 1994 Bonds” means the Agency's Urban Renewal Bonds, Series 1994 which are issued pursuant to Section 2 of this Resolution.

“Tax Increment Fund” means the fund established under ORS 457.440(3) to hold the Tax Increment Revenues.

“Tax Increment Revenues” means all taxes levied against or allocable to the increase in value of property in the Area, as permitted by Article IX, Section 1c of the Oregon Constitution or ORS Chapter 457, which are received by the Agency on or after the date of closing of the Series 1994 Bonds, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

“Tax Maximum” means, for any Series of Bonds, the lesser of: Maximum Annual Debt Service on the Series; 125% of average amount of principal, interest and premium, if any, required to be paid on that Series during all Fiscal Years in which that Series will be Outstanding, calculated as of the date of issuance of that Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

2. Authorization of Series 1994 Bonds.

The Agency hereby authorizes the issuance of the Series 1994 Bonds in an aggregate principal amount of not more than \$10,000,000. The Series 1994 Bonds shall bear interest at rates that shall not exceed an effective true interest rate of seven percent (7.00%) per annum, and shall mature on the dates and in the years and annual principal amounts determined by the Agency Official pursuant to Section 18, below.

3. Security for Bonds.

3.1 Bonds are Limited Obligations; Pledge. The Bonds shall not be general obligations of the City or the Agency. The Bonds and their Debt Service shall be payable solely from the Tax Increment Revenues, amounts in the Tax Increment Fund (other than amounts in the Prior Collections Account) and amounts in the Project Fund, all as provided herein. The Agency hereby irrevocably pledges the Tax Increment Revenues to pay the Bonds. To the extent that the Tax Increment Revenues on deposit in the Bond Account are not sufficient to pay Debt Service when due, the Agency covenants to pay such Debt Service from any amounts in the in the Tax Increment Fund (other than amounts in the Prior Collections Account) and amounts in the Project Fund as provided in this Resolution. The Agency has no other obligations Outstanding to which the Tax Increment Revenues have been pledged, and the lien on, and pledge of, the Tax Increment Revenues to pay the Bonds and their Debt Service shall be superior to all other claims against the Tax Increment Revenues.

3.2 First Certification. The Agency covenants to cause all largest legally permissible amount of Tax Increment Revenues to be certified to the County Assessor for collection in the 1994-95 Fiscal Year.

3.3 Subsequent Certifications. So long as Bonds are Outstanding, the Agency covenants to cause an amount of Tax Increment Revenues to be certified to the County Assessor for collection each Bond Year which will result in the Agency receiving Tax Increment Revenues in that Bond Year which are at least equal to the amount of Tax Increment Revenues received by the Agency during the Bond Year beginning November 1, 1994. The Agency estimates the amount it will receive during the Bond Year beginning November 1, 1994 will be approximately \$1.7 million, which is equal to approximately 1.4 times the average Debt Service which will be due in each year on the Series 1994 Bonds. The Agency acknowledges that collection of this amount is required in order to obtain a favorable interest rate on the Series 1994 Bonds, and to provide adequate funds for deposit in the Accelerated Redemption Account in order to redeem Series 1994 Bonds in accordance with the representations the Agency will make in the Agency's disclosure documents for the Series 1994 Bonds.

3.4 Resolution is a Contract. The provisions of this Resolution shall constitute a contract with the Owners, and shall be enforceable by them.

4. The Tax Increment Fund.

4.1 Tax Increment Fund. The Tax Increment Fund shall be divided into a Bond Account, a Reserve Account, an Operations Account, an Accelerated Redemption Account, a General Account, and a Prior Collections Account.

4.2 Required Credits and Deposits. Each Bond Year (the "Current Bond Year") the Agency shall deposit all Tax Increment Revenues in its Tax Increment Fund, and shall credit each deposit to the following accounts within the Tax Increment Fund, in the following order of priority:

4.2.1 to the Bond Account, until the Bond Account contains an amount sufficient to pay all Bond principal and interest which is scheduled to be paid during the Current Bond Year, including principal, interest, and premium (if any) on Bonds which are subject to mandatory redemption;

4.2.2 to the Reserve Account, if the balance in the Reserve Account is then less than the Reserve Requirement, until the Reserve Account contains an amount equal to the Reserve Requirement;

4.2.3 to the Operations Account until the total deposits to the Operations Account in each of the following Bond Years equal the amounts shown beside those Bond Years in

the following table:

Bond Year Beginning November 1	Total Deposits for the Bond Year
1994	\$125,000
1995	\$131,000
1996	\$138,000
1997	\$145,000
1998	\$152,000
1999	\$160,000
2000	\$168,000
2001	\$176,000
2002	\$185,000
2003	\$194,000

4.2.4 to the Accelerated Redemption Account an amount equal to the lesser of:

4.2.4.1 the amount by which the Tax Increment Revenues collected in the Current Bond Year exceed the amounts required to be deposited into the Bond Account, the Reserve Account and the Operations Account during the Current Bond Year; or

4.2.4.2 the amount by which the Tax Increment Revenues collected in the Bond Year beginning November 1, 1994 exceed the amounts required to be deposited into the Bond Account, the Reserve Account and the Operations Account during the Current Bond Year.

4.2.5 to the General Account, any amounts which remain after the foregoing deposits have been made.

4.3 Bond Account. Money in the Bond Account shall be used only to pay Debt Service. The Agency shall transfer amounts in the Bond Account to the Registrar in sufficient time that the Registrar will be able to pay the Bonds when due. Amounts credited to the Bond Account shall be invested in the Oregon Short Term Fund/Local Government Investment Pool, or securities which are legal investments for local governments in the State of Oregon and which mature within one year.

4.4 Reserve Account. Money in the Reserve Account shall be used only to pay Debt Service on Bonds, and only if sufficient funds are not available in the Bond Account, the Accelerated Redemption Account, the Operations Account and the General Account, as provided in Section 4.10. The Agency covenants to deposit the Tax Maximum for the Series 1994 Bonds into the Reserve Account at Closing of the Series 1994 Bonds, and to make deposits into the Reserve Account as provided in Section 4.2.2 until the balance in the Reserve Account is at least equal to the Reserve Requirement. The Agency covenants to maintain, but solely from deposits of Tax Increment Revenues as provided in Section 4.2.2, a balance in the Reserve Account at least equal to the Reserve Requirement. Amounts credited to the Reserve Account shall be invested in the Oregon Short Term Fund/Local Government Investment Pool, or securities which are legal investments for local governments in the State of Oregon and which mature within one year.

4.5 Operations Account. Money in the Operations Account may be used by the Agency at any time for any lawful purpose.

4.6 Accelerated Redemption Account. Money in the Accelerated Redemption Account shall be used only to redeem Series 1994 Bonds in the manner specified by the Agency Official pursuant to Section 18.1.

4.7 General Account. Money in the General Account may be used at any time for any legal purpose permitted under Chapter 457 of the Oregon Revised Statutes. However, if there is a deficiency in the Bond Account or the Reserve Account, Tax Increment Revenues credited to the General Account shall be used to eliminate the deficiency (in the order of priority described in Section 4.2) before money in the General Account is used for any other purpose.

4.8 Prior Collections Account. Amounts transferred to the Tax Increment Fund prior to the closing of the Series 1994 Bonds, and any earnings on the Prior Collections Account, shall be credited to the Prior Collections Account. Amounts in the Prior Collections Account are not pledged to pay the Bonds, and may be used by the Agency for any lawful purpose.

4.9 Earnings. Earnings on all accounts in the Tax Increment Fund except the Prior Collections Account shall be credited to the General Account unless the balance in the Reserve Account is less than the Reserve Requirement. While the balance in the Reserve Account is less than the Reserve Requirement, earnings on all accounts in the Tax Increment Fund except the Prior Collections Account shall be credited to the Reserve Account. Earnings on the Prior Collections Account shall be credited to the Prior Collections Account.

4.10 Special Transfers to Bond Account. Five (5) days before any payment of principal, premium or interest on the Bonds is due, if the balance in the Bond Account is less than the amount due, the Agency shall credit to the Bond Account an amount equal to the deficiency from the following accounts in the following order of priority:

4.10.1 the General Account;

4.10.2 the Accelerated Redemption Account, but only to the extent that amounts in that account exceed amounts required to redeem Series 1994 Bonds pursuant to redemption notices which have already been given;

4.10.3 the Operations Account; and

4.10.4 the Reserve Account.

4.11 Transfer to the Prior Collections Account. At closing of the Series 1994 Bonds, amounts on deposit in the Tax Increment Fund shall be credited to the Prior Collections Account.

5. Project Fund; Use of Proceeds.

5.1 Project Fund. The Project Fund shall be held by the Agency. Proceeds of the Series 1994 Bonds shall be deposited in the Project Fund as provided in Section 5.2.4. Amounts in the Project Fund may be used by the Agency at any time to pay for costs of carrying out the Plan, including costs of issuing the Series 1994 Bonds.

5.2 Use of Proceeds. On Closing, the proceeds of the Series 1994 Bonds shall be disbursed in the following order of priority:

5.2.1 *First*, interest accrued from the dated date of the Series 1994 Bonds until the Closing shall be deposited to the Bond Account and shall be used to pay interest on the Series 1994 Bonds on the next Payment Date;

5.2.2 *Second*, an amount equal to the Tax Maximum for the Series 1994 Bonds shall be deposited in the Reserve Account.

5.2.3 *Third*, an amount sufficient to pay and discharge the line of credit between the Agency and Bank of America shall be transferred to Bank of America.

5.2.4 *Fourth*, the balance of the proceeds of the Series 1994 Bonds shall be deposited by the Agency in the Project Fund.

5.3 Compliance with Law. The proceeds of the Series 1994 Bonds shall be used in accordance with Chapter 457 of the Oregon Revised Statutes.

6. Tax-Exempt Status.

The Agency covenants for the benefit of the Owners of the Series 1994 Bonds to comply with all provisions of the Code which are required for Series 1994 Bond interest to be excludable from gross income under the Code. The Agency further covenants for the benefit of the Owners of the Series 1994 Bonds to comply with all provisions of the Code which are required so that the Series 1994 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code. The Agency specifically covenants that it shall not take any action or omit any action, if it would cause the Series 1994 Bonds to become "arbitrage bonds" under Section 148 of the Code, and that it shall pay, but solely from the Tax Increment Revenues, all rebates or penalties on the "gross proceeds" of the Series 1994 Bonds when and as required under that Code Section.

6.1 Additional Covenants. The covenants contained in this Resolution and any covenants in the closing documents for the Series 1994 Bonds shall constitute contracts with the Owners of the Series 1994 Bonds, and shall be enforceable by them.

6.2 Qualified Tax Exempt Obligations. The Agency Official hereby designates the Series 1994 Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code. The Agency hereby covenants and the City has covenanted that all its subordinate entities,

including the Agency, do not, as of the date of issuance of the Series 1994 Bonds, reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year. The City has covenanted and the Agency covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000.

7. Superior, Parity and Subordinate Obligations.

7.1 Superior and Parity Liens. The Agency covenants not to issue any obligations payable from the Tax Increment Revenues which have a lien or claim on the Tax Increment Revenues which is superior to the lien of the Bonds. The Agency covenants that it will issue obligations which have a lien or claim on the Tax Increment Revenues which is equal to the claim of the Bonds only as provided in Section 7.2

7.2 Parity Bonds. The Agency may issue Parity Bonds under this subsection only if, on the date of delivery of the Parity Bonds:

7.2.1 the balance in the Bond Account is at least equal to all principal, interest and premium, if any, required to be paid on all Outstanding Bonds (including the Parity Bonds being issued) during the Bond Year in which the Parity Bonds are being issued; and

7.2.2 the balance in the Reserve Account is at least equal to the lesser of: Maximum Annual Debt Service on all Outstanding Bonds (with the Parity Bonds treated as Outstanding); or, the sum of Maximum Annual Debt Service on all Outstanding Bonds (excluding the Parity Bonds being issued), plus the Tax Maximum for the Series of Parity Bonds being issued; and,

7.2.3 there is filed with the Agency either:

7.2.3.1 The certificate of an Agency Official that the Past Tax Increment Revenues, as defined in Section 7.4.1., equaled or exceeded one hundred thirty percent (140%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; or

7.2.3.2 The projection of an independent expert having a favorable reputation for accuracy and reliability in the projection of tax increment revenues and their collection, that the Current Tax Increment Revenues, as defined in Section 7.4.2, will equal or exceed one hundred fifty percent (150%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; or

7.2.3.3 The projection of an independent expert having a favorable reputation for accuracy and reliability in the projection of tax increment revenues and their collection, that the Future Tax Increment Revenues, as defined in Section 7.4.3, equal or exceed one hundred fifty percent (150%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.

7.2.4 The Agency covenants with the Owners of the Parity Bonds to collect, each Bond Year, an amount at least equal to the sum of the following:

7.2.4.1 All principal, interest and premium, if any, required to be paid on all Outstanding Bonds (including the Parity Bonds being issued); plus,

7.2.4.2 An amount sufficient to make the balance in the Reserve Account equal to the Reserve Requirement (provided that the Agency may fund the difference between the Reserve Requirement and the amount the agency is required to have in the Reserve Account on Closing of a Series of Parity Bonds in equal annual installments over a period of not more than three years); plus,

7.2.4.3 The lesser of the amount required to be deposited in that Bond Year into the Operations Account or \$194,000; plus,

7.2.4.4 The amount projected to be deposited into the Accelerated Redemption Account in the Final Official Statement for the Series 1994 Bonds.

7.3 Refunding Exception. The Agency may issue Parity Bonds under this subsection without meeting the requirements of Section 7.2, of this Section, but only to refund Bonds, and only if the Debt Service on the refunding Parity Bonds in each year in which any Bonds are Outstanding does not exceed by more than \$5,000 the amount of Debt Service in that year on the Bonds being refunded.

7.4 Special Definitions. For purposes of Section 7.2.3 the following terms shall have the following meanings:

7.4.1 "Past Tax Increment Revenues" means the Available Tax Increment Revenues for the period of twelve consecutive months selected by the Agency from the fourteen most recently completed months preceding the date on which Parity Bonds are issued.

7.4.2 "Current Tax Increment Revenues" means the Available Tax Increment Revenues which the independent expert projects for the Bond Year in which the Parity Bonds are issued, based on a review of the public records in the office of the Clackamas and Washington County Assessors.

7.4.3 "Future Tax Increment Revenues" means the sum of: the Current Tax Increment Revenues; plus, seventy-five percent (75%) of the Available Tax Increment Revenues which the independent expert projects would have resulted for the Bond Year in which the Parity Bonds are issued, if Recent Construction had been completed in time to be placed on the tax rolls for that Bond Year

7.4.4 "Recent Construction" means construction or improvements which were not completed in time to be placed on the tax rolls for the Bond Year in which Parity Bonds are issued, but were completed prior to the issuance of the Parity Bonds. The independent expert may establish reasonable criteria for determining whether construction or improvements have been completed; these criteria shall be described in the independent expert's projection.

7.5 Subordinate Obligations. The Agency may issue subordinate obligations which have a lien on the Tax Increment Revenues which is subordinate to the lien of the Bonds, but debt service on such subordinate obligations shall be payable solely from amounts on deposit in the General Account.

8. Events of Default and Remedies

8.1 Regular Collections Essential. The Agency hereby finds and determines that the collection each Bond Year of Tax Increment Revenues in an amount which is not less than the amount collected in the Bond Year beginning November 1, 1994 is essential to the payment and security of the Bonds, and the failure or refusal of the Agency to perform the covenants and obligations contained in this Resolution will impair the security for the Bonds.

8.2 Events of Default. The following shall constitute "Events of Default":

8.2.1 If the Agency shall fail to pay any Debt Service when due, either at maturity, upon exercise of a right of tender, by proceedings for redemption or otherwise;

8.2.2 Except as provided in Section 8.3, if the Agency shall default in the observance and performance of any other of its covenants, conditions and agreements in this Resolution, if such default continues for ninety (90) days after the Agency receives a written notice, specifying the Event of Default and demanding the cure of such default, from the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds Outstanding;

8.3 Exceptions. It shall not constitute an Event of Default:

8.3.1 Under Section 8.2 if the default cannot practicably be remedied within ninety days after the Agency receives notice of the default, so long as the Agency promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied.

8.3.2 If the Agency certifies an amount the Agency reasonably projects will result in the Agency receiving an amount of Tax Increment Revenues each Bond Year which complies with Section 3.3, if the failure is caused by reductions in tax levies by entities other than the Agency, by reductions in the real market or other assessed value of property, or by unexpected increases in tax payment delinquencies.

8.3.3 If the Agency certifies the maximum Tax Increment Revenues for collection, and the collection is reduced below the level required by Section 3.3 because statutes implementing Article XI, Section 11b of the Oregon Constitution cause collections of certified Tax Increment Revenues to be reduced below the level required by Section 3.3.

8.4 Remedies. If an Event of Default occurs, any Bondowner may exercise any remedy available at law or in equity. However, the Bonds shall not be subject to acceleration.

8.5 Books of Agency Open to Inspection.

8.5.1 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 Tax Increment Revenues shall at all reasonable times be subject to the inspection and use of persons holding at least ten percent (10%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.

8.6 Waivers of Event of Default.

8.6.1 No delay or omission of any Bondowner 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 to be an acquiescence therein; and every power and remedy given by Section 8.4 to the Bondowners may be exercised from time to time and as often as may be deemed expedient by the Bondowners.

8.6.2 The Owners of not less than fifty percent (50%) in principal amount of the affected Bonds that are at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the Owners of all of affected Bonds, waive any past default under this Resolution with respect to such Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

8.7 Remedies Granted in Resolution Not Exclusive.

No remedy by the terms of the Resolution conferred upon or reserved to the Bondowners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

9. Amendment.

9.1 Amendment Without Bondowner Consent. This Resolution may be amended or supplemented without the consent of the Bondowners for any one or more of the following purposes:

9.1.1 To add to the covenants and agreements of the Agency contained in this Resolution any other covenants or agreements for the benefit of Bondowners thereafter to be observed by the Agency or to surrender any right of power herein reserved to or conferred on the Agency provided the Agency obtains an opinion of nationally recognized bond counsel that such amendment will not cause interest on Outstanding Bonds to be includable in gross income for federal income tax purposes;

9.1.2 To cure any ambiguity or formal defect provided the Agency obtains an opinion of nationally recognized bond counsel that such amendment will not cause interest on the Bonds to be includable in gross income for federal income tax purposes; or

9.1.3 To issue subordinate obligations in accordance with 7.5.

9.2 Amendment With Bondowner Consent. This Resolution may be amended for any other purpose only upon consent of the Owners of not less than sixty (60) percent of the aggregate principal amount of Bonds then Outstanding; provided, however, that no amendment shall be valid without the consent of the Owners of all affected Bonds which:

9.2.1 Extends the maturity of any Bond, reduces the rate of interest upon any Bond, or reduces the amount of principal or premium payable on any Bond; or

9.2.2 Reduces the percentage of Owners required to approve an amendment to this Resolution.

10. Redemption of the Series 1994 Bonds.

10.1 Optional Redemption. The Series 1994 Bonds shall be subject to optional and mandatory redemption on the dates and at the prices designated by the Agency Official pursuant to Section 18.1, below.

10.2 Accelerated Redemption. The Series 1994 Bonds which are designated by the Agency Official prior to Closing as being subject to accelerated redemption shall be redeemed from amounts deposited in the Accelerated Redemption Account as provided in the bond purchase agreement for the Series 1994 Bonds.

11. Execution of the Series 1994 Bonds.

The Series 1994 Bonds shall be signed with the manual or facsimile signatures of the Chair and Agency Official of the Agency. The Series 1994 Bonds shall be in substantially the form attached hereto as Exhibit A.

12. Bond Book-Entry Form.

12.1 Initial Issue. The Bonds shall be initially issued in book-entry form, with no Bonds being made available to the Bondowners. The Agency Official shall execute and deliver letters of representations to The Depository Trust Company, New York, New York ("DTC") for the Bonds, in form and substance satisfactory to DTC. So long as the Bonds are in book-entry form:

12.1.1 Ownership of the Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC system. The Bonds shall be initially issued in the form of a global bond. Each global bond shall be registered in the name of Cede & Co. as nominee of DTC as the Owner of the Bond, and such global bonds shall be lodged with DTC until early redemption or maturity of the Bond issue.

12.1.2 The Registrar shall remit payment for the maturing principal and interest on the Bonds to DTC as Owner of the Bonds for distribution by the nominee to the beneficial owners by recorded entry on the books of DTC participants and correspondents. While the Bonds are in book-entry form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

12.2 Discontinuing the Book Entry System. In the event DTC determines not to continue to act as securities depository for the Bonds, or the Agency determines that DTC shall no longer so act; then the Agency will discontinue maintaining the Bonds in the book-entry form with DTC.

12.3 Transfer While Bonds in Book Entry Form. Notwithstanding the provisions regarding exchange and transfer of Bonds set forth in this Resolution, while the Bonds

are in book-entry form they may not be transferred or exchanged on the registration books maintained by the Registrar except:

12.3.1 to any successor depository designated by the Agency as provided below;

12.3.2 to any successor nominee designated by a depository; or

12.3.3 if the Agency elects to discontinue maintaining the Bonds in book-entry form, the Agency shall cause the Registrar to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth herein, regarding registration, transfer and exchange of Bonds shall apply.

12.4 Resignation. Upon the resignation of any institution acting as depository hereunder the Agency shall attempt to identify another institution qualified to act as depository hereunder or shall discontinue maintaining the Bonds in book-entry form by resolution or ordinance. If the Agency is unable to identify such successor depository prior to the effective date of the resignation, the Agency shall discontinue maintaining the Bonds in book-entry form as provided above.

12.5 Agency and Registrar Not Responsible for Depository's Actions.

With respect to Bonds registered in the registration books maintained by the Registrar in the name of the nominee of DTC, the Agency and the Registrar shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

12.5.1 the accuracy of the records of DTC, the Nominee or any participant or correspondent with respect to any beneficial owner's interest in the Bonds;

12.5.2 the delivery to any participant or correspondent or any other person of any notice with respect to the Bonds, including any notice of prepayment;

12.5.3 the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or

12.5.4 the payment to any participant, correspondent, or any other person other than the registered Owner of the Bonds as shown in the registration books maintained by the Registrar, of any amount with respect to principal or interest on the Bonds.

12.6 Notice of Redemption When Bonds In Book Entry Form. So long as the Bonds are in book-entry form, the Registrar will give any notice of redemption or any other notices required to be given to registered Owners of Bonds only to DTC or its nominee registered as the registered Owner thereof. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice. Neither the Agency nor the Registrar is responsible or liable for the failure of DTC

or any participant to make any payment or give any notice to a beneficial owner in respect of the Bonds or any error or delay relating thereto.

12.7 Substitution of Nominee. Upon delivery by DTC to the Agency and to the Owner of written notice to the effect that DTC has determined to substitute a new nominee in place of the nominee, then the word "nominee" in this Resolution shall refer to such new nominee of DTC, and upon receipt of such notice, the Agency shall promptly deliver a copy thereof to the Registrar. DTC shall tender the Bonds it holds to the Registrar for reregistration.

12.8 Modification. The provisions of this Section may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC for bonds issued in book-entry form.

13. Notice of Redemption of Bonds.

13.1 Notice of Redemption (DTC). So long as the Bonds are in book-entry form, the Registrar shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representations submitted to DTC in connection with the issuance of the Bonds.

13.2 Notice of Redemption (No DTC). During any period in which the Bonds are not in book-entry form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Registrar on behalf of the Agency by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Registrar. The Agency shall notify the Registrar of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

13.2.1 the redemption date,

13.2.2 the redemption price,

13.2.3 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,

13.2.4 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, and

13.2.5 the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

13.2.6 Prior to any redemption date, the Agency shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

13.2.7 Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Agency shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

14. Authentication, Registration And Transfer.

14.1 Authentication Required. No Bond shall be entitled to any right or benefit under this Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution.

14.2 Registration. The ownership of all Bonds shall be entered in the bond register maintained by the Registrar, and the Agency and the Registrar may treat the person listed as Owner in the bond register as the Owner of the Bond for all purposes.

14.3 Payment While Bonds in Book Entry Form. While the Bonds are in book-entry form, the Registrar shall transfer Bond principal and interest payments in the manner required by DTC.

14.4 Payment If Bonds Not in Book Entry Form. If the Bonds cease to be in book-entry form, the Registrar shall mail each interest payment on the interest payment date (or the next business day if the payment date is not a business day) to the name and address of the Bondowners as they appear on the bond register as of the fifteenth day of the month preceding an interest payment date (the "Record Date"). If payment is so mailed, neither the Agency nor the Registrar shall have any further liability to any party for such payment.

14.5 Exchange. Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different denominations, and Bonds may be transferred to other Owners if the Bondowner submits the following to the Registrar:

14.5.1 written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and

14.5.2 the Bonds to be exchanged or transferred.

14.6 Limitation on Exchange. The Registrar shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following that payment date.

14.7 Date of Authentication. The Registrar shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Bondowner's name is listed on the bond register.

14.8 Date of Submission. For purposes of this section, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 13.5.

14.9 Alteration. The Agency may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

15. Defeasance.

Bonds shall be deemed paid if noncallable, non-prepayable direct obligations of the United States, or obligations guaranteed by the United States, are irrevocably deposited in escrow in amount sufficient, without reinvestment, to pay all principal, interest, and redemption premium (if any) on the Bonds as they become due, either at maturity or upon prior redemption and the Agency obtains:

15.1 Verification. a verification report from a nationally recognized independent certified public accountant to the effect that the cash and securities irrevocably placed in escrow are sufficient to pay the Bonds being defeased when due without reinvestment; and

15.2 Opinion of Bond Counsel. an opinion of nationally recognized bond counsel to the effect that such bonds have been defeased, are no longer Outstanding under this Resolution and the defeasance will not cause interest on any such defeased bonds to become includable in gross income under the Code (provided that the opinion may assume the Agency will comply with any covenants it makes in connection with the defeasance).

16. Official Statement.

The Agency shall prepare, with the assistance of the Underwriter, a preliminary official statement with respect to the Bonds. When the Agency Official determines that the preliminary official statement for the Series 1994 Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the preliminary official statement not misleading in light of the circumstances under which they are made, the Agency Official is authorized, on behalf of the Agency, to deem the preliminary official statement final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the underwriting agreement such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds dependent on the foregoing matters, pursuant to Securities and Exchange Commission Rule 15c2-12. When the Agency Official determines that the final official statement for the Series 1994 Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the final official statement not misleading in light of the circumstances under which they are made, the Agency Official is authorized, on behalf of the Agency, to certify the accuracy of the final official statement.

17. Bond Counsel.

The Agency appoints Preston Gates & Ellis to serve as Bond Counsel in connection with the issuance of the Series 1994 Bonds.

18. Sale of Series 1994 Bonds.

The Series 1994 Bonds shall be sold to BA Securities, Inc, Bank of America, NT&SA, or its successor (the "Underwriter") in accordance with a bond purchase agreement to be negotiated and approved by the Agency Official. The Agency Official is hereby authorized, on behalf of the Agency:

18.1 Terms. To determine the dates, amounts, interest rates, redemption provisions and other terms of the Series 1994 Bonds, subject to the limitations of this Resolution;

18.2 Disclosure Documents. To approve and authorize the distribution of preliminary and final official statements for the Series 1994 Bonds;

18.3 Bond Insurance. To obtain bond insurance or other credit enhancement for the Series 1994 Bonds, and to enter into related agreements;

18.4 Registrar. To appoint the Registrar and any successor Registrar;

18.5 Sale Terms and Bond Purchase Agreement. To negotiate the terms of and execute a bond purchase agreement, which establishes the price at which the Series 1994 Bonds shall be sold; and

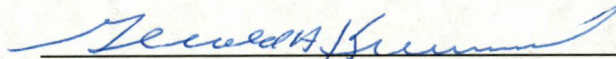
18.6 Other Action. To execute all documents on behalf of the Agency and to take any other action which is desirable in order to issue, sell and deliver the Series 1994 Bonds in accordance with this Resolution.

19. Rules of Construction.

Unless the context clearly requires otherwise: capitalized words and phrases used in this Resolution which are defined in Section 1 shall be construed to have the meanings defined for such words and phrases in Section 1; references to sections shall be construed as references to sections of this Resolution; references to one gender shall include the other; references to the singular shall include the plural; and references to the plural shall include the singular.

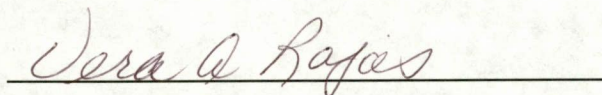
PASSED AND ADOPTED this 6th day of June, 1994.

**Urban Renewal Agency of the City of
Wilsonville, Clackamas County, Oregon**



GERALD A. KRUMMEL, Chair

ATTEST:



VERA A. ROJAS, CMC/AAE, City Recorder

Exhibit A

No. R- _____

\$ _____

United States of America
Urban Renewal Agency of the City of Wilsonville
Clackamas County
State of Oregon
Year 2000 Urban Renewal AREA
Urban Renewal Bond
Series 1994

Interest Rate: _____ %

Maturity Date: _____, _____

Certificate Date: _____, 1994

CUSIP Number: _____ - _____

Registered Owner: ----- _____ -----

Principal Amount: ----- _____ -----

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, State of Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the Tax Increment Revenues of the Year 2000 Urban Renewal Area, amounts in the Tax Increment Fund (other than amounts in the Prior Collections Account) and amounts in the Project Fund, to the registered owner hereof, or registered assigns, the principal amount stated above on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above. Interest is payable semiannually on the first day of _____ and the first day of _____ in each year until maturity or prior redemption commencing _____ 1, 199_. Principal and interest payments shall be received by Cede & C., as nominee of The Depository Trust Company, or its registered assigns, on each payment date. Such payments shall be made payable to the order of "Cede & Co."

This bond is a special obligation of the Agency, payable solely from the Tax Increment Revenues received by the Agency from the Year 2000 Urban Renewal Area, amounts in the Tax Increment Fund (other than amounts in the Prior Collections Account) and amounts in the Project Fund, as defined and provided in Resolution ___ of the Agency adopted on _____, 1994, authorizing issuance of bonds (the "Bond Resolution"). The Agency has reserved the right to issue additional bonds on a parity of lien with this bond, and has issued, and may issue in the future, obligations which have a subordinate lien on the Tax Increment Revenues, as provided in the Bond Resolution.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE AGENCY OR THE CITY OF WILSONVILLE, OREGON AND IS PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES, AS PROVIDED IN THE BOND RESOLUTION.

This bond is one of the Urban Renewal Bonds, Series 1994 (the "Bonds") of the Agency, and is issued by the Agency for the purpose of financing the costs of urban renewal projects within the Year 2000 Urban Renewal Area (the "Area") in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Agency has pledged the Tax Increment Revenues of the Area, amounts in the Tax Increment Fund (other than amounts in the Prior Collections Account) and amounts in the Project Fund, as defined and described in the Bond Resolution, to pay the Bonds.

The pledge of the Tax Increment Revenues and other amounts to pay the Bonds is not subordinate to any other lien on, or pledge of, such Tax Increment Revenues.

The Bonds are subject to optional, mandatory and accelerated redemption on the terms specified in the final official statement for the Bonds which is dated as of ____, 1994.

Notice of any call for redemption shall be given as required by the Letter of Representations to The Depository Trust Company, as referenced in the Bond Resolution. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Agency's paying agent and registrar, which is currently Bank of America Oregon, in Portland, Oregon (the "Registrar"), will notify The Depository Trust Company promptly of any Bonds called for redemption.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Agency or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

The Bonds are issuable in the form of registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Bonds may be exchanged for Bonds of the same aggregate principal amount, but different authorized denominations, as provided in the Bond Resolution.

Any transfer of this Bond must be registered, as provided in the Bond Resolution, upon the bond register kept for that purpose at the principal corporate trust office of the Registrar.

The Bondowner may exchange or transfer any Bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the office of the Registrar in the manner and subject to the conditions set forth in the Bond Resolution. The Agency and the Registrar may treat the person in whose name this Bond is registered as its absolute owner for all purposes, as provided in the Bond Resolution.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; and that the issue of which this bond is a part, and all other obligations of such Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Agency has caused this bond to be signed by facsimile signatures of its _____ and _____ as of the date indicated above.

Urban Renewal Agency of the City of Wilsonville,
Clackamas and Washington Counties, Oregon

Authorized Officer

Authorized Officer

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

DATED: _____

Certificate of Authentication

This is one of the Agency's Urban Renewal Bonds, Series 1994 described herein.

Bank of America Oregon, as Registrar

Authorized Signatory

Assignment

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

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____
_____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

(Bank, Trust Company or Firm)

Authorized Officer

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

- TEN COM -- 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
- OREGON CUSTODIANS use the following
- _____ CUST UL OREG _____ MIN
- as custodian for (name of minor)
- OR UNIF TRANS MIN ACT
- under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

Wilsonville Urban Renewal Agency

Year 2000 Renewal Area

Tax Increment Revenue Projections
for the period 1994-95 to 2004-05

May, 1994
Spencer & Kupper

URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

The "Year 2000" Urban Renewal Area

Tax increment revenue projections - 1994-95 to 2004-05

A. PURPOSE OF THE CONSULTANT'S REPORT.

Wilsonville retained the firm of Spencer & Kupper to provide an estimate of the maximum tax increment revenues which will be available to Wilsonville's urban renewal agency during the projection period 1994-95 to 2004-05. These tax increment revenues are to be used to support a 1994 financing by Wilsonville's urban renewal agency. This consultants' report evaluates positive and negative factors which might influence renewal agency revenues, and presents a likely case and two alternate case revenue scenarios for the projection period.

B. CITY OF WILSONVILLE BACKGROUND

General

The City of Wilsonville, located in Clackamas and Washington Counties, was incorporated in 1968. Located approximately 20 miles south of Portland, Wilsonville is midway between Portland and Salem, the capitol of the State of Oregon. Wilsonville is intersected by Interstate Route 5 (I-5), with three interchanges to that Route. Interstate 5 is Oregon's main north-south Interstate highway. Interstate 5's interchanges with Interstate Route 205, Interstate Route 84, and Oregon Highway 217 are only minutes away, giving Wilsonville superb access to Oregon's most important freeway corridors. These freeway linkages place Portland and Salem's commercial, shopping, and employment centers, and Portland's International Airport, only twenty to thirty minutes drive time from Wilsonville. Wilsonville's freeway access makes it an excellent location for regional assembly, distribution and retailing uses. Several large new developments of those types have located in Wilsonville, taking advantage of its freeway access.

Over the past decade, Wilsonville has become a major employment center in the Portland metropolitan area. Wilsonville is the corporate headquarters for several national and regional firms, including Mentor Graphics, Tektronix, Payless Drug

Stores Northwest, Smith's Home Furnishings, G.I. Joe's, Inc., Sysco Food Services of Portland, RFD Publications, and a Coca-Cola regional bottling and distribution center. City staff currently estimates that about 12,000 persons are employed in Wilsonville.

Wilsonville's convenient location, good schools, employment opportunities and a plentiful supply of vacant, buildable land have led to rapid growth in the community over the past decade. Wilsonville's 1993 population was 9,580. Wilsonville had the highest population growth rate of all Oregon cities during the 1980-1990 census period, but that rate has moderated substantially since 1992.

Growth trends in Wilsonville's property values and population are discussed in the following sections.

Property Value Growth

The City of Wilsonville lies within Clackamas and Washington Counties. Approximately 89% of Wilsonville's total 1993-94 assessed valuation, and more than 99% of Wilsonville's population lie within Clackamas County. All of Wilsonville's urban renewal area, and its values, are in Clackamas County. The growth in total assessed values in Wilsonville over the ten year period 1984-95 through 1993-94 is shown in Table 1, below. The values shown in Table 1 are the total assessed values used to calculate tax rates. The values exclude the incremental values in Wilsonville's urban renewal area.

Table 1 - Assessed Value Growth in Wilsonville

<u>Fiscal Year</u>	<u>Wilsonville - Real Market Value (\$millions)</u>
1984-85	\$346.9
1985-86	\$370.8
1986-87	\$397.2
1987-88	\$411.1
1988-89	\$448.2
1989-90	\$496.5
1990-91	\$594.8
1991-92	\$735.9
1992-93	\$845.6
1993-94	\$899.4

*Rate of Assessed Value Growth
for the 1984-1993 Period*

City of Wilsonville	11.17%
Clackamas County	6.84% ¹

*Rate of Assessed Value Growth
for the 1989-1993 Period*

City of Wilsonville	16.01%
Clackamas County	12.45% ²

Wilsonville's rate of growth in property values during the period is well above the

¹ Clackamas County Values increased from \$8,230.3 million to \$14,928.9 million during the same period.

² Clackamas County Values increased from \$9,337.9 million to \$14,928.9 million during the same period

growth rate for property values in Clackamas County. Data on *statewide* assessed values shows that total assessed values in Oregon grew at an annual rate of 5.36% during the 1983-1992 period. Wilsonville's rate of growth in property values over the past ten years was approximately twice that statewide rate.

Population Growth

Table 2 below shows population growth in Wilsonville and Clackamas County over the ten year period 1984 through 1993.

Table 2 - Population Growth in Wilsonville and Clackamas County

<u>Year</u>	<u>Wilsonville</u>	<u>Clackamas Co.</u>
1984	3,475	246,300
1985	3,700	248,200
1986	4,180	248,200
1987	4,285	255,100
1988	5,025	262,200
1989	5,800	265,500
1990	7,225	280,500
1991	8,755	288,700
1992	9,255	294,500
1993	9,580	302,000

*Rate of Population Growth
for the 1984-1993 Period*

City of Wilsonville	11.15%
Clackamas County	2.20%
State of Oregon	1.42%

*Rate of Population Growth
for the 1989-1993 Period*

City of Wilsonville	13.37%
Clackamas County	3.27%
State of Oregon	2.14%

It was noted that Wilsonville had the highest average annual rate of population growth of all Oregon cities between the 1980 and 1990 Census periods. Table 2 shows that the rate of population growth for the City of Wilsonville has remained high over the decade 1984-1993. During that period, Wilsonville's population

growth rate substantially exceeded the population growth rates for Clackamas County, and the State of Oregon. Growth is expected to continue through the 1990's. Wilsonville's Comprehensive Plan estimates a population of 15,600 by the year 2000, and a population of 16,500 by the year 2010.

Summary of Population and Value Growth Trends

The City of Wilsonville has been one of Oregon's most rapidly growing communities. Over the past decade and more, Wilsonville has enjoyed robust growth in population and property values. This rapid rate of growth will slow as Wilsonville's population and property values grow larger, but in the past decade, Wilsonville has developed a very strong base of population, employment, and property values. Wilsonville's emergence as a major center of growth and employment in the Portland metropolitan area should aid its urban renewal efforts, and make it more likely that additional new developments will be attracted to the renewal area.

C. PROJECT AREA BACKGROUND

Available Land in the Renewal Area

The Year 2000 Renewal Plan Area consists of approximately 857 acres of land. The urban renewal area contains about 20.5% of the total land area of the City of Wilsonville. When the urban renewal plan was adopted in 1990, approximately half the acreage in the project area was open land. The urban renewal area now includes a mixture of residential, commercial, light industrial, and public open space uses. The renewal area is developing into a "Town Center" for Wilsonville, providing a core of retail, governmental, educational, and recreational uses for city residents. To help further the Wilsonville "Town Center" concept, the Renewal Agency will contribute to the funding of public facilities at a new high school to be located within the urban renewal area, and will make additional acquisitions of land for public park and open space uses.

New building construction in the renewal area has proceeded rapidly, absorbing a sizeable amount of the land which was vacant when the renewal plan was adopted. Table 3 shows acreage in the project area, by Comprehensive Plan designation. It also shows the acreage of undeveloped land currently available for further commercial, industrial, and residential land uses.

Table 3 - Land in the urban renewal area, by Comprehensive Plan designation

<u>Comprehensive Plan Designation</u>	<u>Total Acres</u>	<u>Percent of Total Acreage</u>	<u>Acres Undeveloped</u>
Commercial	146.81	17.13%	39.41
Industrial	151.20	17.64%	74.30
Residential	113.79	13.28%	52.85
Public	105.12	12.27%	N.A.
Primary Open Space	151.22	17.65%	N.A.
Secondary Open Space	87.86	10.25%	N.A.
Streets/Highways	100.92	11.78%	N.A.
Total	856.92	100.0%	166.56

Source: Wilsonville Planning Dept 4/94

Table 3 shows that 166.56 acres of renewal area land are vacant and undeveloped. Thus, vacant, undeveloped land represents 19.43% of the land in the urban renewal area. Of the 856.92 acres in the renewal area, 411.80 acres are designated for Commercial, Industrial, and Residential use by the Comprehensive Plan. All 166.56 acres of vacant, undeveloped land are designated for those uses. Thus, 40.44% of the acreage in the renewal area designated for Commercial, Industrial, and Residential use remains vacant and undeveloped. There is a substantial amount of land available for further development and growth in project area values, well distributed among each of the three major types of development use. The availability of vacant land does not appear to be a factor in limiting the potential growth of values in the urban renewal area.

D. HISTORY OF PROJECT VALUES AND TAX INCREMENT REVENUES

Dates for Plan Adoption and Frozen Base of Values

Wilsonville's urban renewal plan was adopted in September, 1990. The frozen base of assessed values for the project area normally would have been the total assessed value within the renewal area boundary for the 1989 tax year. However, Wilsonville chose to delay the start of the tax increment provisions of its urban renewal plan, and amended its urban renewal plan to make September 28, 1991 the effective date of the plan. This action changed the date for establishing the frozen base of values to January 1, 1990. The frozen base of values certified to Wilsonville by the County Assessor as of January 1, 1990 was \$74,471,760. Wilson-

ville's change to the effective date of the plan made the 1992-93 year the first one in which the Urban Renewal Agency was eligible to receive tax increment revenue. Table 4 below shows total assessed values and tax increment revenues for the two years in which the Wilsonville Urban Renewal Agency has received such revenues.

Table 4 - Real Market Value and Tax Increment Revenue

	Total Real Market Value	Increase in Value	Available Tax Increment	Increment Certified
Frozen Base	\$74,471,760	--	--	--
1992-93	\$163,707,580	\$89,235,820	\$2,109,033	\$2,109,033
1993-94	\$150,189,550	\$75,717,790	\$1,657,523	\$1,657,523
Totals		\$75,717,790	\$3,766,556	\$3,766,556

Total values in the urban renewal area have grown by \$75.71 million since January 1, 1990. However, the Renewal Agency's total real market values, and available tax increment revenues declined substantially in the 1993-94 tax year. The decline in values and revenues results entirely from a successful appeal of property values by the Mentor Graphics Corporation. The circumstances surrounding the Mentor Graphics property warrant separate analysis and discussion. That discussion is contained in the following section of this report.

While Wilsonville's urban renewal agency suffered a sharp decline in tax increment revenues in 1993-94, the Agency's revenue entitlement should be kept in perspective. Wilsonville's 1993-94 tax increment revenues of \$1.6 million were exceeded only by three or four renewal agencies in the state of Oregon.

The Mentor Graphics Property-Effects on Renewal Area Values

Mentor Graphics' property is by far the largest single source of value in Wilsonville's urban renewal area. Mentor's property consists of a Corporate Headquarters Campus, a warehouse and manufacturing facility, and two parcels of improved industrial land. The Headquarters Campus consists of three office buildings comprising approximately 351,000 square feet of building, a common building of approximately 33,000 square feet, and a day care center building of 13,000 square feet. Mentor Graphics' warehouse and manufacturing facility consists of approximately 152,000 square feet of building.³

³ Source: Hobson & Associates report to City of Wilsonville 4/28/94.

The 1992-93 property valuation for the Headquarters campus, Warehouse and Manufacturing facilities owned by Mentor Graphics consisted of:⁴

Land	\$3,607,630
Improvements	\$58,101,240
Personal Property	<u>\$23,520,630</u>
Total	\$85,229,500

Referencing Table 4 of this report, that \$85.2 million in Mentor Graphics valuation comprised 52.05% of the total valuation in Wilsonville's urban renewal area. Mentor Graphics appealed this valuation to the Oregon Department of Revenue, and in a stipulated agreement, received the following corrected valuation:⁵

Land	\$3,607,630
Improvements	\$34,417,840
Personal Property	<u>\$19,507,850</u>
Total	\$57,533,320

The value correction reduced Mentor Graphics' valuation by \$27.69 million. This loss was reflected in the total valuation in the renewal area in the 1993-94 tax year. Referring again to Table 4, note that despite a loss of \$27.69 in the Mentor valuation, total valuation in the Year 2000 urban renewal area in 1993-94 declined only \$13.6 million from the 1992-93 level. Clearly, other activity in the urban renewal area helped cushion the impact of the loss in Mentor values. As important as the Mentor property is to Wilsonville's renewal area, there is a great deal of value and development activity in other sectors of the renewal area. To illustrate, Table 5 shows 1992 and 1993 values in Wilsonville's urban renewal area with the Mentor property values noted above deleted.

Table 5 - Value Growth in Renewal Area - Mentor Property Removed

<u>1992 Values</u>	<u>1993 Values</u>	<u>Value Change</u>	<u>Percent Change</u>
\$78,478,080	\$92,656,230	\$14,178,050	18.07%

Table 5 illustrates that with the Mentor property extracted from the equation, the Year 2000 urban renewal area showed a very sizeable dollar and percentage increase in values between the 1992-93 and 1993-94 tax years. A question arises

⁴ Source: Oregon Dept. of Revenue

⁵ Oregon Dept. of Revenue

then, whether positive activity in the renewal area might be offset by further reductions in the Mentor property valuation. This prospect is addressed in a report prepared for City of Wilsonville in April, 1994 by Hobson and Associates. That report shows that following re-valuation, Mentor Graphics land and improvements now are valued at approximately \$72.50 per square foot. The report shows this value as being in the mid-range of current values for Suburban Office property in the Portland Metro area.⁶ It would seem that the Mentor property now is valued more appropriately, and further valuation declines, while possible, are not likely to be of the same magnitude, or impact as 1993's. The re-valued Mentor property now represents 38.3% of total valuation in the Year 2000 urban renewal area. This still is a sizeable percentage, but Mentor's values are not as dominant a factor as before the re-valuation. The importance of the Mentor property values will continue to be diluted over time, as other property values in the urban renewal area increase.

E. ELEMENTS OF VALUE GROWTH SINCE PLAN ADOPTION

In Oregon's tax system, the components of values subject to property taxes are real property, mobile home property, business personal property, and utility property. The components of value in Wilsonville's Year 2000 urban renewal area are shown below for 1990, (the date of the frozen base) and for the 1993-94 year.

Table 6 - Components of Property Value 1990 - 1993

<u>Year</u>	<u>Real Property</u>	<u>Personal</u>	<u>Utility</u>	<u>Net, Total</u>
1990	\$53,674,740	\$17,897,850	\$2,899,170	\$74,471,760
1992	\$130,303,820 ^a	\$28,836,190	\$4,567,570	\$163,707,580
1993	\$120,232,600 ^b	\$25,722,050	\$4,234,900	\$150,189,550

a. Includes \$281,810 of mobile home value.

b. Includes \$302,850 of mobile home value.

The previous section discussed the influence of Mentor Graphics' property in the decline of total values in the renewal area. Mentor Graphics also accounts for most of the personal property values shown in Table 6. A general discussion of business personal property values follows.

Business Personal Property

Business personal property is an important component of Wilsonville's urban

⁶ Exhibit 5 - Hobson Associates report to City of Wilsonville 4/28/94

renewal area values. In 1993, personal property comprised 17.12% of net assessed values in the area. Business personal property values are subject to relatively rapid depreciation for tax purposes. This depreciation can reduce the total "incremental" value in the project area, unless the depreciated property is replaced by property of comparable value. Discussion of the history of personal property values in several urban renewal areas indicates that there can be sharp year-to-year declines in personal property values. However, periods of rapid personal property depreciation appear to be followed by re-investments which bring personal property back to previous levels.

Total personal property values in the Year 2000 urban renewal area declined about \$3 million in the 1993 tax year. An earlier section of this report showed that Mentor Graphics obtained a reduction of about \$4 million in its personal property values for 1993. Thus, Mentor's appeal also accounts for the decline in personal property values in 1993. Mentor Graphics' personal property represented \$19.5 million of the \$25.7 million in personal property in Wilsonville's renewal area, or 75.87%. Overall growth in renewal area values will dilute the importance of all components of the Mentor Graphics property valuation, including personal property. It is beyond the scope of this report, however, to speculate on how the business cycle, or the market for Mentor Graphics' products might affect Mentor Graphics personal property values.

Major Sources of Property Values in the Project Area

As noted previously, total values in the project area have grown by \$75.7 million since the frozen base of values was established. By far, the major influence in that value growth has been from construction of new buildings. The following table shows the top ten sources of project area *real property* values. The top eight projects on that list are new construction projects, built and added to the tax roll in just the past few years. The values shown are real property values for the 1993 tax year.

Table 7 - Leading Property Values in the Wilsonville Renewal Area⁷

<u>Description/Owner</u>	<u>1993 Value</u>	<u>Type of Project</u>
Mentor Graphics	\$40,023,450	Headquarters, mixed use
Sysco/Contintental	\$16,608,950	Light Industrial
Capital Realty	\$19,549,690	Retail Center
Incredible Universe	\$8,580,480	Electronics Retail Center
MTV Partners	\$5,110,470	Multi-Family
Familia Properties	\$2,557,620	Multi-Family
H. Hedinger	\$2,447,740	Commercial
White-GMC	\$1,503,110	Commercial
Fred Meyer, Inc.	\$1,382,380	Land and Improvements
Wilsonville Land Partnership	\$1,029,000	Land and Improvements
Total Value	\$98,252,890	

The top eight projects in Table 7 account for approximately \$96 million in real property values. As noted, all of these are relatively new construction projects. Given that *total* values in the Year 2000 urban renewal area are about \$150.2 million, the table amply illustrates that the vast majority of Wilsonville's renewal area values have come from new construction. The balance of the value increase has come from indexing of property values, building renovations, and smaller new construction projects.

F. ANTICIPATED NEW CONSTRUCTION IN PROJECT AREA

A conservative approach to estimating value growth from new construction indicates using an estimating horizon of no more than two years. To qualify for inclusion, a project should be in construction, or far enough advanced in the planning and permitting process to seem reasonably certain to move to construction. The listing of projects expected to add new values within the next two years is derived from discussions with Wilsonville staff.

Beyond the two year estimating period, it can be expected that additional value growth will come through continued absorption and development of vacant land in the project area, and that the value of existing property in the renewal area will be indexed upward over time.

⁷ Real property values only. Source: Hobson Associates, April, 1994

1. Estimated new construction value additions - 1994 and 1995

The property tax roll for 1994-95 still is being compiled at the writing of this report. Therefore, no definitive figure is available on new property value additions. The following projects have completed the planning permit process, and either have started construction, or are expected to begin construction during 1994, or early 1995. The estimates of final taxable value are rough; they are based on available information on building footage, and average values per square foot for projects of a similiar type. In the case of the Wilsonville Fun Center, the estimated value is provided by Wilsonville staff.

Table 8 - Estimated New Value Additions, 1994-95 and 1995-96

<u>Name of Project or Owner's Name</u>	<u>Estimated new Value Addition</u>	<u>Estimated year of addition</u>
Wilsonville Fun Center	\$5,000,000	1994-95
Car Wash	\$250,000	1994-95
Shurlock Mini-Storage	\$850,000	1994-95
Restaurant - Sports Lounge	\$350,000	1995-96
Shari's Restaurant	\$500,000	1995-96
McDonald's Restaurant	\$500,000	1995-96
Total added value, new construction	\$7,450,000	

The Wilsonville Fun Center represents a substantial new value addition. It is not certain that the property will be open for operation by July 1, 1994, but the Assessor will value the property according to improvements in place at that time. All indications are that all improvements will be completed on or before July 1, 1994. In order to be conservative about total value and timing, this report assumes that \$4 million in Fun Center values will appear in 1994-95, and the balance in 1995-96. The consultant has received no information that there are other projects under construction, or far enough advanced in planning to add significant new values to the renewal area for 1994-95 and 1995-96.

2. Estimated new construction value additions - 1996-2004

An earlier section of this report noted that there are 166.5 acres of vacant, undeveloped Commercial, Industrial, and Residential land in the renewal project area. That vacant land represents a resource for future new value additions to the urban renewal area.. Given the growth in the City of Wilsonville, and the rapid development of the urban renewal area, it is reasonable to assume that there will be a ready market for the vacant land in the urban renewal area. For purposes of evaluating the

potential value of the vacant land resource, then, rough estimates of the potential developed value of this land (in 1994 dollars) are given below:

Table 9 - Potential value growth from development of vacant land

Comp Plan Designation	Acres Undeveloped	Developed Value per Acre	Potential Value
Commercial	39.4	\$700,000 ^a	\$27,580,000
Industrial	74.3	\$525,000 ^b	\$39,007,500
Residential	52.9	\$400,000 ^c	\$21,160,000
Total, Potential Value			\$87,747,500

- a. Estimate based on 10,000 building s.f. per acre, @ \$70 s.f.
- b. Estimate based on 15,000 building s.f. per acre, @ \$35 s.f.
- c. Estimate based on average 4 units per acre, @\$100,000 per unit

The potential developed value of vacant land is given for reference purposes only. This reports' revenue estimates for years 1996 and out rely only upon indexing of existing values. No specific annual property value additions are made as a result of absorption and development of vacant land.

Other Possible Positive Influences on Project Area Values

In addition to those cited above, there are other possible positive influences on urban renewal area values in the near term. The previously cited report by Hobson & Associates notes that physical appraisal of certain commercial properties in the area may produce increased values. It is reported that a major regional retailer has optioned a property in the urban renewal area. It also should be noted that the indexing factor applied to project area values in this report is 3%. This is less than the actual indexing factors used by the County Assessor for commercial and industrial property in 1993. None of these possible positive influences are factored into the revenue projections made in this report.

G. POSSIBLE NEGATIVE INFLUENCES ON PROJECT AREA VALUATION

Appeals on major property valuations

There were three appeals of 1993-94 property valuations in the urban renewal area. The Clackamas County Board of Equalization heard appeals by MTV Partners, Capital Realty, and Sysco/Continental. Capital Realty was granted a \$250,000 value reduction, but the other two appeals were denied. It is possible either, or both of those denied will take their appeals to the Oregon Dept. of Revenue. It is not possible

to predict the course of action there, but to be cautious, this report assumes that further action on the denied appeals will result in another \$500,000 reduction of renewal area property values for the 1994-95 year.

Tax Exempt Property and Other Influences

In 1993, Wilsonville acquired land within the urban renewal area for park and public open space uses. This land will become tax-exempt. It is estimated that the tax exemption will reduce 1994-95 project area values by \$1.1 million. The City of Wilsonville expects to adopt an ordinance imposing a traffic impact surcharge on all building permits, based on the developments' impact on the Wilsonville Road - Interstate 5 Interchange. It is estimated that the surcharge will amount to \$1 million, the amount needed to cover the unfunded portion of the Interchange improvement. The report by Hobson & Associates estimates this may cause a comparable short-term downward adjustment of land values. The impact of this is reflected in a \$1 million reduction of *total Citywide values* in 1994-95.

H. LEGISLATIVE AND JUDICIAL ACTIONS AFFECTING URBAN RENEWAL

The calculations made for this Report take into account changes resulting from the passage of Ballot Measure 5, and a September 1992 Oregon Supreme Court ruling which requires that all tax increment revenues must be collected within the 1% (\$10.00/\$1000) limit on taxes imposed by non-school units of local government. It is established that tax increment revenues result from taxes on real property, and that these revenues are not presently subject to any of Measure 5's exemptions.

An initiative petition to amend the Oregon Constitution has qualified to be placed on the November, 1994 general election ballot. The proposed amendment, if approved by Oregon voters, will require voter approval of all new "taxes", and increases in the rates of existing "taxes". It is impossible to predict whether the proposed amendment will be enacted, or if enacted, how actions to implement it will affect the Wilsonville Urban Renewal Agency's tax increment revenues. Nonetheless, this report includes a scenario which assumes the Agency's tax increment revenues will not exceed levels attained in the 1994-95 tax year.

The Consultant knows of no other legislative or judicial actions which might have an adverse effect on tax increment revenues. The Consultant assumes that the City of Wilsonville, and all other professional parties to the proposed bond issue will be given timely notice of any actions which might have a positive or adverse affect on

these revenue calculations. The Consultant, however, has no independent means of monitoring legislative or judicial actions, and assumes no responsibility for doing so.

I. REVENUE PROJECTIONS

Revenue Scenario A 1994-2004

The revenue projection in the table labelled "Scenario A", results from what is assumed to be the "likely case" revenue scenario for the period 1994-2004. Scenario A assumes that during the entire projection period, the Assessor's calculation of the Renewal Agency's maximum tax increment revenue follows the methodology prescribed by the 1991 revisions to the urban renewal statute. The scenario assumes that during the entire projection period, all tax increment revenue must be collected within the \$10.00 tax rate limit.

Additional Assumptions - Revenue Scenario A

1. New construction adds \$5.1 million in project area values in 1994-95 and \$2.35 million in 1995-96. These additions are based on estimated values of projects currently under construction, or in advanced planning and permitting stages.
2. In 1994 project area values are indexed upward at 4%. In years 1995-2004, project area values are indexed upward at 3%. No specific new construction values are added to those figures. The 3% increase is well below the 11.17% rate of value growth in the City of Wilsonville during the decade 1984-1993, and below actual indexing values used by the Assessor in 1993-94.
3. There is a \$1.1 million reduction in project area values in 1994-95, as land acquired by the City in 1993 is removed from the tax roll.
4. In 1994-95, there is a \$750,000 property valuation loss resulting from appeals of real or personal property valuations.
5. Total assessed values for the City of Wilsonville are increased 8% in 1994, and at 6% for all years thereafter. Total assessed values for all other overlapping taxing bodies are increased 7% in 1994, and 6% annually thereafter.
6. Levies for operating purposes for the City of Wilsonville and all other overlapping taxing bodies increase 6% annually.
7. Levies for bonded indebtedness for all taxing bodies are held constant at 1993-94 dollar levels. This assumption produces decreasing tax rates for bonded indebtedness. Note that an increase in levies for bonded indebtedness would result in an increase Renewal Agency tax increment revenues.
8. Tax delinquencies are not reflected in the "maximum available tax increment". Delinquencies could be expected to reduce maximum revenues by 6%, 4%, and 2% in the first three years of the period, but have no effect thereafter.

Summary of Revenue Scenario A

The "base case" scenario shown in "A" may be a conservative projection of maximum tax increment revenues for Wilsonville's urban renewal area. Incremental values grow at a compounded rate only slightly above 3%, and no specific major value additions are assumed to result from the substantial supply of vacant land in the urban renewal area. Total "incremental" values in the urban renewal area are expected to grow from \$84.98 million in 1994, to \$142.88 million by 2004, the end of the projection period. During the projection period, the renewal agency's maximum available tax increment revenues are expected to increase from an estimated \$1.77 million in the 1994-95 tax year to \$2.84 million in 2004. Total tax increment revenues during the period are estimated at \$25.34 million.

Using the assumptions in this scenario, Wilsonville's renewal agency can collect all available tax increment revenue to which it is entitled without causing compression of governmental revenues inside the \$10.00 rate limitation.

Wilsonville Renewal Agency Revenue Projections - 1994			
Scenario A - Three percent annual growth in Renewal Area Assessed Values			
Year	Incremental Value Added	Total Incremental Value	Maximum Tax Increment Revenue
1994-95	\$9,257,582	\$84,975,372	\$1,769,627
1995-96	\$7,133,414	\$92,108,786	\$1,908,933
1996-97	\$4,997,416	\$97,106,202	\$2,001,378
1997-98	\$5,147,339	\$102,253,541	\$2,096,309
1998-99	\$5,301,759	\$107,555,300	\$2,193,823
1999-00	\$5,460,812	\$113,016,112	\$2,294,022
2000-01	\$5,624,636	\$118,640,748	\$2,397,006
2001-02	\$5,793,375	\$124,434,123	\$2,502,878
2002-03	\$5,967,177	\$130,401,300	\$2,611,745
2003-04	\$6,146,192	\$136,547,492	\$2,723,712
2004-05	\$6,330,578	\$142,878,069	\$2,838,889
			\$25,338,321

Revenue Scenario B 1994-2004 -Tax Increment Revenue Calculated At "BM5" Rates

The revenue projection in the table titled "Scenario B" is based upon a purely hypothetical assumption; namely, that in 1995, a legislative change, or judicial ruling will change the method by which the Assessor calculates maximum tax increment allocations. This scenario assumes that the Assessor's calculation of Wilsonville's tax increment revenues will be based upon tax rates which prevail after compression required by the Constitutional limitation on tax rates. It must be pointed out that there is no way to predict how calculations might actually be made if this hypothetical situation were to become reality. The method used here is simply the Consultant's choice of educated guesses.

Revised Assumption - Revenue Scenario B

1. Beginning in 1995, a combined tax rate is applied to incremental values in order to calculate the Renewal Agency's tax increment revenues. The combined rate consists of the "elevated" rates for non-school taxing bodies, all rates to raise bonded debt not subject to the tax limitation, and a \$5.00 rate for schools.
2. All other assumptions are the same as those made for Scenario A.

Summary of Revenue Scenario B

Under the assumption used, the combined tax rate used to calculate Agency revenues is approximately \$12.50 per thousand of value in 1995, and drops steadily to \$11.66 by 2004. Total tax increment revenues for the period 1994-2004 drop to \$15.75 million. This represents a decline of approximately \$9.6 million from the total in Scenario A. Wilsonville's renewal agency can collect all available tax increment revenue to which it is entitled without causing compression of governmental revenues inside the \$10.00 rate limitation.

Again, it must be emphasized that Scenario B is hypothetical, and is presented here only in the interest of due diligence. There is no pending legislative or judicial action which would require a change to the current method of calculating the Renewal Agency's tax increment revenues.

The results of Scenario B are shown in a table on the following page.

Wilsonville Renewal Agency Revenue Projections - 1994			
Scenario B - Revenues Calculated at Compressed Tax Rates			
Year	Incremental Value Added	Total Incremental Value	Maximum Tax Increment Revenue
1994-95	\$9,257,582	\$84,975,372	\$1,769,627
1995-96	\$7,133,414	\$92,108,786	\$1,149,291
1996-97	\$4,997,416	\$97,106,202	\$1,200,754
1997-98	\$5,147,339	\$102,253,541	\$1,253,542
1998-99	\$5,301,759	\$107,555,300	\$1,307,721
1999-00	\$5,460,812	\$113,016,112	\$1,363,356
2000-01	\$5,624,636	\$118,640,748	\$1,420,513
2001-02	\$5,793,375	\$124,434,123	\$1,479,259
2002-03	\$5,967,177	\$130,401,300	\$1,539,660
2003-04	\$6,146,192	\$136,547,492	\$1,601,784
2004-05	\$6,330,578	\$142,878,069	\$1,665,699
			\$15,751,205

Revenue Scenario C 1994-2004 -Tax Increment Revenue Held Steady at 1994 Level

The revenue projection in the table titled "Scenario C" is yet another hypothetical exercise. It assumes that in November 1994, Oregon voters approve a ballot measure requiring voter approval of new taxes. As was the case in Scenario B there is no way to predict how renewal revenues might actually be affected if this hypothetical situation were to become reality. Again, the method used here is simply the Consultant's choice of educated guesses.

Revised Assumption - Revenue Scenario C

1. Approval of the November, 1994 measure has the effect of establishing Wilsonville's 1994 tax increment revenue as the maximum which can be raised without requiring voter approval. Tax increment revenues remain at the 1994 level throughout the projection period.
2. All other assumptions are the same as those made for Scenario A.

Summary of Revenue Scenario C

Under the assumption used, Wilsonville's maximum tax increment revenue holds steady at \$1,769,627 throughout the projection period. Total tax increment revenues for the period 1994-2004 are \$19.47 million. This represents a decline of approximately \$5.9 million from the total in Scenario A. Wilsonville's renewal agency can collect all available tax increment revenue to which it is entitled without causing compression of governmental revenues inside the \$10.00 rate limitation.

Again, note that Scenario C is hypothetical, and is presented here only in the interest of due diligence. It is impossible to predict the outcome of the November, 1994 vote, and impossible to predict how implementing the requirements of the measure would influence the current method of calculating the Renewal Agency's tax increment revenues. Note too that the measure, if passed, would not prohibit new or increased taxes.

The results of Scenario C are shown in a table on the following page.

Wilsonville Renewal Agency Revenue Projections - 1994			
Scenario C - Revenues Held at 1994 Level			
Year	Incremental Value Added	Total Incremental Value	Maximum Tax Increment Revenue
1994-95	\$9,257,582	\$84,975,372	\$1,769,627
1995-96	\$7,133,414	\$92,108,786	\$1,769,627
1996-97	\$4,997,416	\$97,106,202	\$1,769,627
1997-98	\$5,147,339	\$102,253,541	\$1,769,627
1998-99	\$5,301,759	\$107,555,300	\$1,769,627
1999-00	\$5,460,812	\$113,016,112	\$1,769,627
2000-01	\$5,624,636	\$118,640,748	\$1,769,627
2001-02	\$5,793,375	\$124,434,123	\$1,769,627
2002-03	\$5,967,177	\$130,401,300	\$1,769,627
2003-04	\$6,146,192	\$136,547,492	\$1,769,627
2004-05	\$6,330,578	\$142,878,069	\$1,769,627
			\$19,465,897

DISCLAIMER

The data and opinions contained in this report are based upon assumptions regarding future economic and political events. If these assumptions prove inaccurate, then the levels of tax increment revenues projected in this report could change materially. The assumptions made here are intended to show representative revenue results. They do not exhaust the possible assumptions which might favorably or unfavorably influence revenues. The data and opinions presented in this report are further subject to the following conditions:

1. The consultants' analysis and opinions are based on current conditions and facts as disclosed to the consultant. The consultant assumes there are no conditions affecting assessed values, levies, tax rates or other relevant conditions that have not been disclosed to the consultant, and that no unexpected conditions will occur.
2. The consultant assumes that except for such changes specifically addressed in this report, there will be no legislative, administrative, or judicial changes that might have a material adverse affect on this analysis.
3. The consultant assumes no responsibility for changes in economic or market conditions after the date of this report.
4. The consultant shall have no continuing obligation to inform the addressee or other parties of changes in fact subsequent to this date.
5. This report is not intended to be used as a representation to prospective purchasers of Wilsonville Renewal Agency bonds that the assessed values and tax increment revenues projected in this Report will materialize.
6. The information and opinions contained in this report are for the use of the City of Wilsonville only. Use of this report in a bond offering is authorized only if the entire report is used.