

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE)
LEASE/PURCHASE FINANCING WHEREBY)
SAWY LEASING CORP. LEASE/PURCHASES)
CERTAIN EQUIPMENT TO METRO)
PURSUANT TO A LEASE/PURCHASE)
AGREEMENT; AND AUTHORIZING THE)
CFO OR HER DESIGNEE TO EXECUTE THE)
LEASE/PURCHASE AGREEMENT AND)
SUCH OTHER DOCUMENTS AND CERTIFI-)
CATES AS MAY BE NECESSARY TO)
CARRY OUT THE TRANSACTIONS)
CONTEMPLATED BY THE)
AFOREMENTIONED AGREEMENT.)

Resolution No. 97-2551

Introduced by Mike Burton
Executive Officer

WHEREAS, Oregon Revised Statutes ("ORS") § 279.101(1) authorizes the governing bodies of special districts, as defined in ORS § 198.010, to enter into binding lease/purchase agreements for the lease of property with an option to purchase such property; and

WHEREAS, the Special Districts Association of Oregon (the "Association") has established its cooperative financing program called the FlexLease Program (the "Program"), which allows special districts in the State of Oregon, as defined in ORS § 198.010 (the "Participating Districts"), to participate in a pooling of the individual Participating Districts' lease/purchase agreements to achieve better interest rates and lower administrative and legal costs; and

WHEREAS, to accomplish the Program, the Association has entered into that certain Amended and Restated Master Financing Agreement, dated July 1, 1997 (the "Master Financing Agreement"), with Strand, Atkinson, Williams & York, Incorporated (the

"Underwriter") pursuant to which lease/purchase financing and refinancing will be made available by the Underwriter to Participating Districts under the terms set forth in the Master Financing Agreement; and

WHEREAS, Metro (the "District"), is authorized under ORS § 279.101(1) and under the 1992 Metro Charter and Section 8.01.050 of the Metro Code to lease/purchase property; and

WHEREAS, the District wishes to finance the purchase of certain personal property pursuant to the Program from SAWY Leasing Corp. (the "Lessor"); and

WHEREAS, it is intended that Lessor will, pursuant to a Lease/Purchase Agreement attached hereto as Exhibit A (the "Lease/Purchase Agreement") lease/purchase the property described in the Lease/Purchase Agreement (the "Equipment") to the District, subject to the terms and conditions of and for the purposes set forth in the Lease/Purchase Agreement; now, therefore

BE IT RESOLVED AS FOLLOWS:

Section 1. Recitals. All of the above recitals are true and correct and the Council of the District so finds and determines.

Section 2. Approval of Lease/Purchase Agreement. The Lease/Purchase Agreement is hereby approved in substantially the form submitted to and reviewed by the Council, and as attached hereto, with such changes therein as shall be approved by the representative of the District executing said documents, said representative's execution thereof to be conclusive evidence of said representative's approval.

Section 3. Executing Officials. Jennifer Sims, Chief Financial Officer, and Craig Prosser, Financial Planning Manager, are designated "Executing Officials" and are hereby separately authorized and directed to execute, attest to and deliver the Lease/Purchase Agreement attached hereto on behalf of and as the act and deed of the District.


Section 4. Terms of Financing. The District shall participate in the Program. The total principal component of rental payments under the Lease/Purchase Agreement shall not exceed the Maximum Principal Component of \$205,000. The interest rate for each principal component of rental payments payable under the Lease/Purchase Agreement shall not exceed the interest rate designated under the Program for the due date of such rental payment in the month in which the Commencement Date of the Lease/Purchase Agreement falls. In no event shall the True Interest Cost exceed 6.00%, provided that the term be rounded up or down to coincide with the payment dates of rental payments under the Program. Execution of the Lease/Purchase Agreement by the Executing Official shall be deemed to be final approval of the final payment schedule to the Lease/Purchase Agreement.

Section 5. Disclosure Relating to Lease/Purchase Agreement. In the event that the aggregate principal amount of certificates of participation of which the Lease/Purchase Agreement is a part exceeds \$1,000,000, then the Executing Official is authorized to do the following: (a) review the disclosure information on the District in the disclosure document prepared by the Underwriter, and upon conformance with any changes requested by the Executing Official, to deem it a final disclosure document (the near final official statement) under Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and (b) execute and

deliver a continuing disclosure agreement whereunder the District will agree to comply with the information reporting requirements of the Rule.

Section 6. Further Authority. The District shall, and the Executing Officials are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the District with respect to the Lease/Purchase Agreement.

ADOPTED by the Metro Council this 18th day of September, 1997.

By: 
Jon Kvistad, Presiding Officer

Approved as to Form:


Daniel B. Cooper, General Counsel

LEASE/PURCHASE AGREEMENT

THIS LEASE/PURCHASE AGREEMENT (the "Agreement") is dated as of October 1, 1997, and is entered into between SAWY Leasing Corp. ("Lessor"), an Oregon corporation, with its principal office in the State of Oregon, and Metro, a body corporate and politic existing under the laws of the State of Oregon ("Lessee").

WITNESSETH:

WHEREAS, Oregon Revised Statutes ("ORS") § 279.101(1) authorizes the governing bodies of special districts in the State of Oregon, as defined in ORS § 198.010, to enter into binding lease/purchase agreements for the lease of personal property with an option to purchase such property; and

WHEREAS, the Special Districts Association of Oregon (the "Association") has established its cooperative financing program called the FlexLease Program (the "Program"), which allows districts in the State of Oregon, as defined in ORS § 198.010 (the "Participating Districts"), to participate in a pooling of the individual Participating Districts' lease/purchase agreements to achieve better interest rates and lower administrative and legal costs; and

WHEREAS, to accomplish the Program, the Association has entered into that certain Amended and Restated Master Financing Agreement, dated July 1, 1997 (the "Master Financing Agreement"), with Strand, Atkinson, Williams & York, Incorporated (the "Underwriter") pursuant to which lease/purchase financing will be made available by the Underwriter to Participating Districts under the terms set forth in the Master Financing Agreement; and

WHEREAS, Lessor, a wholly owned subsidiary of the Underwriter, desires to lease the Equipment, as hereinafter described, to Lessee and Lessee desires to lease the Equipment from Lessor pursuant to the Program and subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, Lessee is authorized under the 1992 Metro Charter, the Metro Code and the Constitution and the laws of the State of Oregon to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the premises and covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. **Covenants of Lessee.** Lessee represents, covenants and warrants for the benefit of Lessor, the Underwriter and any Registered Owners (as hereinafter defined) as follows:

- (a) Lessee is a public body corporate and politic duly organized and existing under the constitution and laws of the State of Oregon with full power and authority to enter into

this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.

- (b) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body corporate and politic. To the extent Lessee should merge with another political subdivision under the laws of the State of Oregon, Lessee agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Lessee's rights and shall assume Lessee's obligations hereunder. Lessee shall give Lessor prompt written notice of any such merger together with evidence of the assignment and assumption of Lessee's rights and obligations hereunder by the remaining or resulting entity.
- (c) As set forth in the District's Certificate attached hereto as Schedule 5, Lessee has been duly authorized to execute and deliver this Agreement by proper action by its governing body, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement and Lessee has complied with such public bidding requirements as may be applicable to the acquisition by Lessee of the Equipment hereunder.
- (d) During the Lease Term, the Equipment will perform and will be used by Lessee only for the purpose of performing essential governmental uses and public functions of Lessee consistent with the permissible scope of Lessee's authority.
- (e) Lessee will annually provide Lessor and the Underwriter with such current financial statements, budgets, proof of appropriation for the ensuing budget year and other financial information relating to the ability of Lessee to continue to perform its obligations under this Agreement as may be requested by Lessor or the Underwriter.
- (f) Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest component of Rental Payments. Lessee shall not allow the "private business use" of the Equipment, as such term is defined in Section 141(b) of the Code, without first obtaining the prior written consent of Lessor and an opinion of counsel acceptable to Lessor that such private business use will not adversely affect the exemption of the interest components of the Rental Payments from federal income taxation.
- (g) Lessee covenants and agrees that it will use the proceeds of this Agreement as soon as practicable and with all reasonable dispatch for the purpose for which this Agreement has been entered into, and that no part of the proceeds of this Agreement shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of this Agreement, would have caused any portion of this Agreement to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury

Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of this Agreement.

- (h) Lessee hereby designates this Agreement as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code. The Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 501(c)(3) bonds and including all tax-exempt obligations of subordinate entities of Lessee), during the calendar year in which the Commencement Date of this Agreement falls in an amount not exceeding \$10,000,000.
- (i) Lessee represents and warrants that (i) it is a governmental unit under the laws of the State of Oregon with general taxing powers, (ii) this Agreement is not a private activity bond as defined in Section 141 of the Code, (iii) 95% or more of the net proceeds of this Agreement will be used for local government activities of the Lessee and (iv) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Lessee (and all subordinate entities thereof) during the calendar year in which the Commencement Date of this Agreement falls is not reasonably expected to exceed \$5,000,000.
- (j) The execution, delivery and performance of this Agreement and compliance with the provisions hereof by the Lessee does not conflict with or result in a violation or breach or constitute a default under, any resolution, bonds, agreement, indenture, mortgage, note, lease or other instrument to which the Lessee is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over the Lessee or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of the Lessee or to which it is subject.
- (k) To the best of the Lessee's knowledge, the disclosure material distributed to the Underwriter with the application for the Program, including all financial statements, did not, and as of the date hereof, does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. There has been no material adverse change in the financial condition or the financial affairs of the Lessee since the date of delivery of such material to the Underwriter.

ARTICLE II

Section 2.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Acquisition Account" is defined in Section 4.02.

"Administrative Expense Payments" is defined in Section 6.01.

"Agreement" means this Lease/Purchase Agreement, including the Schedules attached hereto.

"Commencement Date" means the dated date of this Agreement.

"Defeasance Escrow Agreement" is defined in Section 6.04.

"Equipment" means the property described in Schedule 3 and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 8.01 or Article IX.

"Lease Participation Certificates" means certificates of participation in this Agreement as provided in Section 12.01.

"Lease Term" means the term set forth in Section 4.01.

"Lessee" means the entity described as such in the first paragraph of this Agreement, its successors and assigns.

"Lessor" means the entity described as such in the first paragraph of this Agreement, its successors and its assigns.

"Payment Dates" means the dates on which Rental Payments or Administrative Expense Payments are due under this Agreement, as set forth in Schedule 4.

"Payments" is defined in Section 6.01.

"Registered Owners" means the registered owners of Lease Participation Certificates as shown on the registration books maintained by the Trustee.

"Rental Payments" means the basic rental payments payable by Lessee pursuant to Article VI.

"Trust Agreement" means the Master Trust Agreement dated as of June 1, 1995, between the Underwriter and the Trustee, as it may be amended from time to time thereafter.

"Trustee" is defined in Section 12.01.

"Vendor" means the manufacturer of the Equipment as well as the agents or dealers of the manufacturer from whom Lessee, as agent of Lessor, purchased or is purchasing the Equipment.

"Underwriter" is defined in the recitals hereto.

ARTICLE III

Section 3.01. Lease of Equipment. Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Equipment in accordance with this Agreement, for the Lease Term.

ARTICLE IV

Section 4.01. Lease Term. The term of this Agreement shall commence on the Commencement Date and shall terminate on the date upon which all Payments are paid in full, unless terminated sooner pursuant to this Agreement.

Section 4.02. Delivery, Installation and Acceptance of Equipment. Lessee shall order the Equipment, shall cause the Equipment to be delivered and installed at the location specified on Schedule 3 to this Agreement and shall pay all delivery and installation costs, if any, in connection therewith. The proceeds of this Agreement will be disbursed in accordance with the closing memorandum prepared by the Underwriter. To the extent moneys are deposited with the Trustee in escrow for the acquisition of the Equipment (an "Acquisition Account"), such moneys shall be disbursed from the Acquisition Account from time to time upon receipt by the Trustee of a Payment Request in the form attached hereto as Schedule 1. Moneys deposited in the Acquisition Account shall be held uninvested, unless the Addendum Regarding Acquisition Account is attached hereto as Schedule 7 and is executed and delivered by the parties thereto, in which event all interest earnings on such moneys deposited in the Acquisition Account shall be invested and reinvested by the Trustee for the benefit of Lessee. When the Equipment is delivered, installed and accepted as to Lessee's specifications, Lessee shall immediately accept the Equipment and evidence said acceptance by executing and delivering to Lessor the Final Acceptance Certificate substantially in the form attached hereto as Schedule 2.

ARTICLE V

Section 5.01. Enjoyment of Equipment. Lessee shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Equipment, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Agreement. No Registered Owner shall interfere with such quiet use and enjoyment during the Lease Term so long as Lessee is not in default under this Agreement.

Section 5.02. Location; Inspection. Once installed, the Equipment will not be moved from the location specified in Schedule 3 to this Agreement without Lessor's consent, which shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

ARTICLE VI

Section 6.01. Payment of Rental Payments and Administrative Expense Payments. Lessee shall promptly pay Rental Payments to Lessor in such amounts and on such dates as described in Schedule 4 hereto. Lessee shall also pay, as additional rental, and as compensation to the Trustee for its services in

connection with this Agreement, Administrative Expense Payments, in such amounts and on such dates as described in Schedule 4 hereto. Rental Payments and Administrative Expense Payments are referred to herein collectively as "Payments." Payments shall be made exclusively from legally available funds and in lawful money of the United States of America. Payment shall be such that the Lessor or its assigns shall be in receipt of the Payment on the date such Payment is due. In the event the Lessee shall pay by check or draft, such check or draft must be mailed at least ten (10) business days prior to the date such Payment is due. In the event Lessee shall pay by wired funds, such funds must be received on the business day prior to the date such Payment is due. Lessee shall pay Lessor a charge on any Payment that is not mailed or wired as required by the previous sentence at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

Section 6.02. Payments to Constitute a Binding Contractual Obligation of Lessee. Lessor and Lessee understand and intend that the obligation of Lessee to pay Payments hereunder shall constitute a binding contractual obligation of Lessee for the full Lease Term. Lessee covenants to include all such Payments due hereunder in its annual budgets and to make the necessary annual appropriation for all such Payments. This Agreement shall not be subject to termination by Lessee in the event Lessee fails to appropriate Payments.

Section 6.03. Interest Component. A portion of each Payment is paid as, and represents payment of, interest, and Schedule 4 hereto sets forth the interest component of each Payment during the Lease Term.

Section 6.04. Defeasance of Payments. Lessee may at any time (except during a period that is more than thirty and fewer than sixty days prior to a prepayment date described in Section 11.01) irrevocably deposit in escrow pursuant to an escrow agreement between Lessee and an escrow agent (the "Defeasance Escrow Agreement") for the purpose of paying all of the principal component, interest component and prepayment premium, if any, accruing under this Agreement to the next prepayment date described in Section 11.01, and the Administrative Expense Payment accruing to the later of the first applicable prepayment date or the next forthcoming Payment Date on which such an Administrative Expense Payment is due, a sum of cash and non-callable securities of the types described in ORS § 288.650 in such aggregate amount, bearing interest at such rates and maturing on such dates as shall be required, in the opinion of an independent public accountant, to provide funds sufficient for such purpose and for the purpose of paying any applicable fee to the Trustee. Moneys and securities held by the escrow agent shall be invested in accordance with the terms of the Defeasance Escrow Agreement. The Defeasance Escrow Agreement shall provide for (a) the transfer to the Paying Agent, prior to each Payment Date which precede the first applicable prepayment date hereunder of an amount of cash sufficient to pay the Payment due on such date, and (b) the transfer, prior to the next prepayment date, of the remaining cash and the proceeds of the securities held under the Defeasance Escrow Agreement to the Trustee for deposit in the Prepayment Fund or the Administrative Expense Fund, as applicable, in accordance with Section 11.02. Upon such defeasance, all right, title and interest of Lessor in the Equipment shall terminate. Lessee shall take all actions with respect to such deposit of cash and securities which may be necessary or desirable in order to ensure that the exclusion from gross income of the interest component of Rental Payments is not adversely effected.

Section 6.05. Payments to be Unconditional. THE OBLIGATIONS OF LESSEE TO MAKE PAYMENT OF THE PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS

AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

ARTICLE VII

Section 7.01. Title to the Equipment. Upon acceptance of the Equipment by Lessee, title to the Equipment shall vest in Lessee subject to Lessor's rights under this Agreement; provided that title shall thereafter immediately and without any action by Lessee vest in Lessor and Lessee shall immediately surrender possession of the Equipment to Lessor upon (a) any termination of this Agreement for any reason other than the exercise by Lessee of its option to purchase the Equipment pursuant to Article XI or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to the Equipment to Lessor pursuant to this Section shall occur automatically without the necessity of any bills of sale, certificates of title or other instruments of conveyance. Nevertheless, Lessee shall execute and deliver any such instruments as Lessor may request to evidence such transfer.

Section 7.02. Security Interest. To secure the payment and performance of all of Lessee's obligations under this Agreement, Lessee grants to Lessor a security interest constituting a first lien on the Equipment and on all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. Lessee agrees to execute such additional documents, certificates of title, financing statements, affidavits, notices and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and, upon assignment, the security interest of the Registered Owners or any other assignee of Lessor in the Equipment.

Section 7.03. Personal Property. The Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. If requested by Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.

Section 7.04. Substitution of Equipment. Lessee may substitute for an item of the Equipment under this Agreement another item of personal property of approximately equal or greater market value and with an equal or greater useful life. In the event of any such substitution, Lessee shall deliver to Lessor a certification that the personal property proposed to be substituted has approximately equal or greater market value and an equal or greater useful life as the item of Equipment being substituted for, together with an opinion of counsel acceptable to Lessor to the effect that the proposed substitution will not adversely affect the exemption of the interest components of Rental Payments from federal income taxation. Lessee shall be responsible for all costs and expenses, including counsel fees, of Lessor and the Trustee in connection with any such substitution. Lessee shall cause all fixture filings, certificates of title, financing statements, affidavits, notices and similar instruments to be made or delivered in a timely manner to secure the security interest of Lessor, or the Trustee as assignee of Lessor, in the substituted equipment.

ARTICLE VIII

Section 8.01. Maintenance of Equipment by Lessee. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair and working order. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment.

Section 8.02. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and, therefore, that the Equipment will be exempt from all property taxes. The Rental Payments payable by Lessee under this Agreement have been established to reflect the savings resulting from this exemption from taxation. Lessee will take such actions which may be necessary under ORS § 307.112 to claim said exemption. Nevertheless, if the use, possession or acquisition of the Equipment is determined to be subject to taxation, or if Lessee fails to make such filings and claims which may be necessary to secure the exemption from property taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee shall pay all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment. Lessee shall pay such taxes or charges as the same may become due; provided that, with respect to any such taxes or charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as accrue during the then current fiscal year of the Lease Term.

Section 8.03. Insurance. At its own expense, Lessee shall maintain (a) casualty insurance insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State of Oregon and any other risks reasonably required by Lessor in an amount equal to at least the outstanding principal component of Rental Payments and, (b) liability insurance that protects Lessor from liability in all events in an amount determined to be reasonably necessary by Lessee's governing body, and (c) worker's compensation insurance covering all employees working on, in, near or about the Equipment. Lessee may self-insure against such risks. Lessee shall furnish to Lessor, at Lessor's request, certificates evidencing such coverage, or if Lessee self insures, a written description of its self-insurance program together with a certificate from Lessee's risk manager or insurance consultant to the effect that Lessee's self-insurance program provides adequate coverage against the risks listed above. All insurance proceeds from casualty losses shall be applied as provided in Article IX of this Agreement. All such insurance (except for self-insurance) shall be with insurers that are authorized to issue such insurance in the State of Oregon. All such casualty insurance policies shall contain a provision making any losses payable to Lessee, Lessor and the Trustee as their respective interests may appear. All such liability insurance policies shall name Lessor and the Trustee as additional insureds. All such insurance shall contain a provision to the effect that such insurance shall not be canceled or modified materially and adversely to the interest of Lessor or the Trustee without first giving written notice thereof to Lessor and the Trustee at least ten (10) days in advance of such cancellation or modification. Such changes shall not become effective without Lessor's and the Trustee's prior written consent, which consent shall not be unreasonably withheld.

Section 8.04. Advances. In the event Lessee shall fail to either maintain the insurance required by this Agreement or keep the Equipment in good repair and working order, Lessor may, but shall be

under no obligation to, purchase the required insurance or pay the cost of the premiums thereof and maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the Lease Term and shall be due and payable on the next Payment Date and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the date such amounts are advanced until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE IX

Section 9.01. Damage, Destruction and Condemnation. If (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds (as hereinafter defined) of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless Lessee shall have exercised its right to defease this Agreement as provided herein or unless Lessee shall have exercised its option to prepay the Rental Payments in full, as provided herein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee. For purposes of Section 8.03 and this Article, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 9.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article VI, or (b) defease this Agreement pursuant to Section 6.04, or (c) prepay the Rental Payments in full pursuant to Article XI. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after such defeasance or prepayment may be retained by Lessee.

ARTICLE X

Section 10.01. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR WARRANTY WITH RESPECT THERETO. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement or the existence, furnishing, functioning or Lessee's use of any item, product or service provided for in this Agreement.

Section 10.02. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Equipment that Lessor may have against any Vendor. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the Vendor of the Equipment, and not against Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties of the Vendor of the Equipment.

Section 10.03. Use of the Equipment. Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all laws of the jurisdiction in which its operations involving any item of Equipment may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the items of the Equipment; provided that Lessee may contest in good faith the validity or application of any such law or rule in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under this Agreement.

ARTICLE XI

Section 11.01. Optional Prepayment. Lessee shall not have the option to prepay, in whole or in part, the unpaid principal component of Rental Payments prior to maturity.

Section 11.02. Option to Purchase at End of Lease Term. Lessee shall have the option to purchase Lessor's interest in the Equipment on the last day of the Lease Term, without prior notice to Lessor, if the Agreement is still in effect on such day, upon payment in full of the Payments then due hereunder, if any, plus payment of One (1) Dollar to Lessor.

ARTICLE XII

Section 12.01. Assignment by Lessor. As part of the Program, Lessor's right, title and interest in, to and under this Agreement and the Equipment will be assigned on the Commencement Date to First Trust National Association, as paying agent, registrar and trustee (the "Trustee"), under the Trust Agreement. Pursuant to the Trust Agreement, lease/purchase agreements of other Participating Districts with the same Commencement Date as this Agreement shall be pooled and jointly marketed pursuant to the Program, and the Trustee shall at the Underwriter's direction execute and deliver certificates of participation in the pooled lease/purchase agreements ("Lease Participation Certificates"). The Trustee has agreed to maintain a register of the owners of all Lease Participation Certificates in the pooled lease/purchase agreements. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or the Trustee to protect their respective interests in the Equipment and in this Agreement. In the event that the Lease Participation Certificates of which this Agreement is a part are issued in book entry form, Lessee hereby

appoints Lessor its attorney-in-fact for purposes of executing, delivering and performing a letter of representations to the Depository Trust Company.

Section 12.02 Rule 15c2-12 Compliance. In the event that the aggregate principal amount of the Lease Participation Certificates of which this Agreement is a part exceeds \$1,000,000, then Lessee agrees to do the following: (a) review the disclosure information relating to Lessee in disclosure documents prepared by the Underwriter and upon conformance with any changes requested by Lessee deem it a final disclosure document (the near final official statement) under Securities and Exchange Commission Rule 15c2-12 (the "Rule"); and (b) execute and deliver a continuing disclosure agreement in form and substance satisfactory to the Underwriter, agreeing to comply with the information reporting requirements of the Rule.

Section 12.03. Assignment and Subleasing by Lessee. Except as provided in Section 1.01(b), none of Lessee's right, title and interest in, to and under this Agreement and in the Equipment may be assigned or encumbered by Lessee for any reason; except that Lessee may sublease all or part of the Equipment if Lessee obtains the prior written consent of Lessor and an opinion of counsel satisfactory to Lessor that such subleasing will not adversely affect the exemption of the interest components of the Rental Payments from federal income taxation. Any such sublease of all or part of the Equipment shall be subject to this Agreement and the rights of the Lessor in, to and under this Agreement and the Equipment and Lessee shall remain liable under this Agreement.

Section 12.04. Release and Indemnification Covenants. To the extent permitted by the law, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor, the Underwriter and the Trustee and their respective officers, directors, employees, successors and assigns, from and against any and all liability, obligation, loss, claim and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Agreement, the ownership of any item of the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person; provided that Lessee shall not be required to indemnify Lessor, the Underwriter or the Trustee for their own willful or negligent conduct. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

ARTICLE XIII

Section 13.01. Events of Default Defined. Any of the following shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Lessee to pay any Payment or other payment required to be paid hereunder at the time specified herein;
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a

period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

- (c) Any statement, representation or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or
- (e) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

Section 13.02. Remedies on Default. Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Without terminating this Agreement, and by written notice to Lessee, Lessor may declare all Payments and other amounts payable by Lessee hereunder to the end of the then current budget year of Lessee to be due, including without limitation delinquent Payments from prior budget years;
- (b) With or without terminating this Agreement, Lessor may enter the premises where the Equipment is located and retake possession of the Equipment or require Lessee at Lessee's expense to promptly return any or all of the Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease the Equipment or, for the account of Lessee, sublease the Equipment, continuing to hold Lessee liable for the difference between (i) a sum sufficient to exercise Lessee's option to defease this Agreement under Section 6.04 as well as any other sums due hereunder, and (ii) the net proceeds of any such sale, lease or sublease (after deducting all expenses of Lessor in exercising its remedies under this Agreement, including without limitation

all expenses of taking possession, removing, storing, reconditioning, selling, leasing, or subleasing the Equipment and all brokerage, auctioneer's or attorney's fees);

- (c) Terminating this Agreement, by written notice to Lessee, Lessor may accelerate all outstanding Payments, in which case Lessee agrees to pay to Lessor a sum sufficient to defease this Agreement under Section 6.04 as well as any other sums due hereunder; and upon such payment by Lessee, Lessor's right, title and interest in the Equipment shall terminate;
- (d) By written notice to the Trustee, Lessor may instruct the Trustee to release to Lessor all sums held by the Trustee in the Acquisition Account, such sums to be credited to Lessee's obligations under this Article XIII; and
- (e) Lessor may take whatever action at law or in equity necessary or desirable to enforce its rights in the Equipment and under this Agreement.

Section 13.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

ARTICLE XIV

Section 14.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party), to any assignee (other than a Registered Owner) at its address as it appears on the registration books maintained by Lessee and to any Registered Owner at its address as it appears on the registration books maintained by the Trustee.

Section 14.02. Certification as to Arbitrage. Lessee hereby represents as follows:

- (a) The estimated total cost of the Equipment, together with related costs associated with the preparation and execution of this Agreement, will not be less than the total principal amount of the Rental Payments.
- (b) Lessee has entered into, or expects to enter into, a substantial binding obligation to expend at least five percent (5%) of the net proceeds of this Agreement on the Equipment within six months after the Commencement Date. The Equipment is expected to be delivered

and installed, and the Vendor fully paid, within one year after the Commencement Date. Lessee shall diligently proceed with such acquisition.

- (c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.
- (d) The Equipment has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.
- (e) To the best of Lessee's knowledge, information and belief, the facts and estimates set forth in this Section are accurate and the expectations of the Lessee set forth in this Section are reasonable.

Section 14.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 14.04. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.05. Amendments, Changes and Modifications. This Agreement may be amended by Lessor and Lessee; provided that no amendment that affects the rights of the Registered Owners shall be effective unless it shall have been consented to by the Registered Owners of a majority, in principal amount, of the Lease Participation Certificates, if any, then outstanding.

Section 14.06. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.07. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

Section 14.08. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

WARNING

Unless Lessee provides Lessor with evidence of insurance coverage as required by this Agreement, Lessor may purchase insurance at Lessee's expense to protect Lessor's interest. This insurance may, but need not, also protect Lessee's interest. If the Equipment becomes damaged, the coverage that Lessor purchases may not pay any claim Lessee makes or any claim made against Lessee. Lessee may later cancel this coverage by providing evidence that Lessee has obtained property coverage elsewhere.

Lessee is responsible for the cost of any insurance purchased by Lessor. The cost of this insurance may be charged to Lessee as additional rental under this Agreement. If the cost is charged to Lessee, this added amount will bear interest at the rate of 12% or the maximum amount permitted by law, whichever is less. The effective date of coverage may be the date Lessee's prior coverage lapsed or the date Lessee failed to provide proof of coverage.

The coverage Lessor purchases may be considerably more expensive than insurance Lessee can obtain on its own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease/Purchase Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

LESSOR:

SAWY LEASING CORP.

By _____
David Ulbricht, Secretary

Address: 720 S. W. Washington Street, Suite 610
Portland, Oregon 97205

LESSEE:

METRO

By _____
Jennifer Sims, Chief Financial Officer

ATTEST:

Craig Prosser, Financial Planning Manager

Address: 600 N.E. Brand Avenue
Portland, Oregon 97232

COUNTERPART #___ OF 2 COUNTERPARTS. ONLY
COUNTERPART #1 SHALL BE DEEMED TO BE THE ORIGINAL.
NO SECURITY INTEREST MAY BE CREATED IN THIS
AGREEMENT EXCEPT BY THE TRANSFER AND POSSESSION OF
THE ORIGINAL.

SCHEDULE 1 TO LEASE/PURCHASE AGREEMENT

PAYMENT REQUEST

First Trust National Association
1000 S. W. Broadway, Suite 1750
Portland, Oregon 97205
Attention: SDAO FlexLease Program

Re: Lease/Purchase Agreement dated as of October 1, 1997, Series 1997O (the "Agreement"),
between SAWY Leasing Corp. as Lessor, and Metro, as Lessee.

Amount Requested: \$ _____

Total Disbursements to Date: \$ _____

Payment Request No.: _____

1. The undersigned, an Authorized Representative of Lessee, hereby requests and authorizes First Trust National Association (the "Trustee") under the Master Trust Agreement among Strand Atkinson, Williams & York, Incorporated, Lessor and the Trustee, to pay to or upon the order of the Lessee the amount specified above for the payment or reimbursement of costs of the Equipment described in Schedule 1 attached.

2. The Lessee hereby certifies that:

(a) the Equipment described in Schedule 1 comprises a portion of the Equipment subject to the Agreement, and has been delivered to, tested or inspected by and accepted by Lessee;

(b) attached hereto are true and correct copies of the manufacturers' or dealers' invoices relating to the Equipment described in Schedule 1, and, if Lessee is requesting reimbursement of costs of Equipment already paid, true and correct copies of canceled checks or warrants to such manufacturers or dealers evidencing such payment:

(c) as of the date of this Payment Request, no "Event of Default," as that term is defined in the Agreement has occurred and is continuing and no event which with notice or lapse of time, or both, has occurred and is continuing which would constitute such Event of Default.

(d) Lessee is currently maintaining the insurance coverage required by Section 8.03 of the Agreement. If this Payment Request is the first payment request submitted under the Agreement, attached hereto is a true and correct copy of a certificate of insurance which evidences such coverage.

(e) If this Payment Request is the final or only Payment Request to be submitted under the Agreement, attached hereto is a completed and duly executed Final Acceptance Certificate relating to the Equipment.

3. All capitalized terms herein shall have the meanings assigned to them in the Agreement.

METRO

By: _____
Authorized Representative

Dated: _____

SCHEDULE 2 TO LEASE/PURCHASE AGREEMENT

FINAL ACCEPTANCE CERTIFICATE

First Trust National Association
1000 S. W. Broadway, Suite 1750
Portland, Oregon 97205
Attention: SDAO FlexLease Program

Re: Lease/Purchase Agreement dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp., as Lessor, and Metro, as Lessee.

Ladies and Gentlemen:

In accordance with the above-referenced Lease/Purchase Agreement (the "Agreement"), the undersigned ("Lessee") hereby certifies and represents to and agrees with Lessor as follows:

- (1) The Equipment has been acquired, made, delivered, installed and accepted in full as of the date indicated below.
- (2) Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
- (3) Lessee is currently maintaining the insurance coverage required by Section 8.03 of the Agreement.
- (4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.
- (5) Attached is a completed Schedule 3 of the Agreement containing a complete description of the Equipment, including all serial numbers, model numbers, VIN numbers and any other applicable information.

Date: _____

METRO, as Lessee

By: _____

Title: _____

SCHEDULE 3 TO LEASE/PURCHASE AGREEMENT

EQUIPMENT DESCRIPTION

Re: Lease/Purchase Agreement, dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp., as Lessor and Metro, as Lessee.

The Equipment, including installation, is as follows:

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>SERIAL NUMBERS</u>	<u>LOCATION</u>
1	UNIX BASED COMPUTATION SERVER, MULTIPROCESS	_____	Portland, Oregon
11	DESKTOP WORKSTATIONS (PC-CLASS)	_____	Portland, Oregon

SCHEDULE 4 TO LEASE/PURCHASE AGREEMENT

PAYMENT SCHEDULE

Re: Lease/Purchase Agreement, dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp., as Lessor and Metro, as Lessee.

All terms used herein have the meanings ascribed to them in the above-referenced Agreement.

- A. **Rental Payments.** The Rental Payments shall be in the amounts set forth in the "Rental Payment" column of the Payment Schedule contained in this Schedule 4. The interest component of these Rental Payments is calculated on the basis of 30-day months and a 360-day year. The principal component of each Rental Payment, set forth in the "Principal" column, bears interest at the rate set forth in the "Coupon" column opposite said amount.
- B. **Administrative Expense Payments.** The Administrative Expense Payments shall be in the amounts set forth in the "Trustees Fees" column of the Payment Schedule contained in this Schedule 4.
- C. **Payment Schedule.** The Payment Schedule is attached.

Metro
 October 1997 FlexLease Project - \$200,000 Project - 3 Years
 Preliminary, for Discussion Purposes Only

Summary of Sources and Uses of Funds

Issue Dated: 10/01/97 For Delivery: 10/02/97

SOURCES:

Principal Amount of New Financing	\$205,000.00
Accrued Interest at Closing	<u>26.69</u>
TOTAL SOURCES	<u>\$205,026.69</u>

USES:

Net Deposit to Fund \$200,000 in Projects:	\$200,000.00
Deposit to Interest Account (Accrued Interest)	26.69
Underwriter's Discount (0.90% of Principal Amount)	1,845.00
Other Costs of Issuance (see below)	2,367.50
Contingency:	<u>797.50</u>
TOTAL USES	<u>\$205,026.69</u>

OTHER COSTS OF ISSUANCE:

Special Counsel (0.70% of Principal Amount)	1,435.00
Trustee/Paying Agent Base Fee:	410.00
SDAO Fee	812.50
Other	<u>0.00</u>
TOTAL OTHER COSTS	<u>\$2,357.50</u>

ADDITIONAL DATA:

True Interest Cost	5.1535%
Net Interest Cost (NIC)	4.7326%
Average Life in Years	2.27438
Average Coupon	4.7383%

SCHEDULE 5 TO LEASE/PURCHASE AGREEMENT

DISTRICT'S CERTIFICATE

Re: Lease/Purchase Agreement, dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp., as Lessor and the Metro, as Lessee.

I, the undersigned, the duly appointed, qualified and acting Administrator of the above-captioned Lessee do hereby certify this October 9, 1997, as follows:

1. Lessee did, at a regular/special meeting of the governing body of the Lessee (the "Council") held September 25, 1997, by motion duly made, seconded and carried, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Lease/Purchase Agreement (the "Agreement") on its behalf by the following named representative of the Lessee, to wit:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jennifer Sims	Chief Financial Officer	_____

2. The above-named representative of the Lessee held at the time of such authorization and holds at the present time the office set forth above.

3. The meeting of the Council at which the Agreement was approved and authorized to be executed was duly called, regularly convened and attended throughout by the requisite majority of the members thereof and the action approving the Agreement and authorizing the execution thereof has not been altered or rescinded. All meetings of the Council relating to the authorization and delivery of the Agreement have been:

- (a) held within the geographic boundaries of the Lessee;
- (b) open to the public, allowing all people to attend;
- (c) held at places that do not practice discrimination based on age, national origin or disability;
- (d) announced by public notice reasonably calculated to give actual notice to interested persons, including the news media which have requested notice, such notice has included the time and place of the meeting and the principal subjects anticipated to be considered at such meeting;
- (e) in the case of special meetings, announced with at least 24 hours notice to members of the governing body, the news media which have requested notice and to the general public;

- (f) conducted in accordance with internal procedures of the governing body with a quorum of the governing body in attendance;
- (g) conducted in a place accessible to the disabled; and
- (h) held with a good faith effort made to have an interpreter for hearing impaired persons, to the extent requested by such a person, at its regularly scheduled meetings and held with a reasonable effort made to have an interpreter for hearing impaired persons, to the extent requested by such a person, at its special meetings (as required and defined in ORS 192.630 (5), as amended).

4. Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Rental Payments scheduled to come due during the current budget year and to meet its other obligations for the current budget year and such funds have not been expended for other purposes.

5. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.

6. All insurance required in accordance with the Agreement is currently maintained by the Lessee.

7. To the best of my knowledge after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened against or which affects Lessee wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Agreement, the security interest granted in the Equipment or the enforceability thereof.

8. The budget year of Lessee is from July 1 to June 30.

IN WITNESS WHEREOF, I hereunto set my hand the day and year first above written.

METRO

By: _____
Craig Prosser, Financial Planning Manager

SCHEDULE 6 TO LEASE/PURCHASE AGREEMENT

**NOTICE OF PREPAYMENT
[IF APPLICABLE]**

VIA REGISTERED MAIL

First Trust National Association
1000 S. W. Broadway, Suite 1750
Portland, Oregon 97205
Attention: SDAO FlexLease Program

Re: Lease/Purchase Agreement dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp., as Lessor, and Metro, as Lessee.

Ladies and Gentlemen:

In accordance with the above-referenced Lease/Purchase Agreement (the "Agreement"), the undersigned ("Lessee") hereby exercises its option to prepay the principal component of Rental Payments due under the Agreement on _____ (the "Prepayment Date"). Lessee exercises its option as follows (check one):

_____ Lessee is prepaying the principal component of Rental Payments in full. Enclosed herewith is a check made payable to the Trustee in the amount of the sum of (i) the interest accrued to the date of prepayment, (ii) the Prepayment Price set forth in the Agreement as a percentage of the principal component of the Rental Payments to be prepaid, (iii) the Administrative Expense Payment accruing to the next forthcoming Payment Date on which such an Administrative Expense Payment is due, and (iv) a fee to the Trustee in the amount of \$500.

_____ Lessee is prepaying the principal component of Rental Payments in part. The amount of the principal component that Lessee desires to prepay is \$ _____ (amount prepaid must be at least \$5,000 and must be an integral multiple of \$5,000). Enclosed herewith is a check made payable to the Trustee in the amount of the sum of (i) the interest accrued thereon to the date of prepayment, (ii) the Prepayment Price set forth in the Agreement as a percentage of the principal component of the Rental Payments being prepaid, and (iii) a fee to the Trustee in the amount of \$500.

Lessee hereby acknowledges that the sum hereby deposited with the Trustee will be held uninvested by the Trustee until the Prepayment Date.

Date:

METRO, as Lessee

By: _____
Title: _____

SCHEDULE 7 TO LEASE/PURCHASE AGREEMENT

ADDENDUM REGARDING ACQUISITION ACCOUNT

Re: Lease/Purchase Agreement dated as of October 1, 1997, Series 1997O, between SAWY Leasing Corp. as Lessor, and Metro, as Lessee.

Pursuant to Section 4.02 of the above-captioned Agreement (the "Agreement"), Lessor, Lessee, the Trustee and the Underwriter agree as follows:

1. Pursuant to Section 4.02 of the Agreement, the Trustee shall establish an Acquisition Account for the transaction contemplated by the Agreement. The Trustee shall maintain accounting records sufficient to permit calculation of the income on investments and interest earned on deposit of amounts held in the Acquisition Account, and such income and interest shall become part of the Acquisition Account. Such income or interest earnings may be expended at any time or from time to time to pay costs of the Equipment.

2. Copies of account statements relating to the Acquisition Account shall be made available by the Trustee to Lessee on a monthly basis. Moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee upon order of a representative of Lessee in Eligible Investments, as that term is defined in the Master Trust Agreement.

3. Lessee agrees to pay the Trustee's customary fees for holding, investing, disbursing and administering the Acquisition Account established hereunder, in accordance with the fee schedule attached hereto.

4. The Acquisition Account shall be held, invested, disbursed and administered by the Trustee subject to all the terms and conditions of the Trust Agreement, as expressly modified hereby.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

FIRST TRUST NATIONAL ASSOCIATION

SAWY LEASING CORP.

By: _____
Authorized Officer

By: _____
David Ulbricht, Secretary

METRO

By: _____
Jennifer Sims, Chief Financial Officer

STAFF REPORT

CONSIDERATION OF RESOLUTION 97-2551 FOR THE PURPOSE OF APPROVING THE LEASE/PURCHASE FINANCING WHEREBY SAWY LEASING CORP. LEASE/ PURCHASES CERTAIN EQUIPMENT TO METRO PURSUANT TO A LEASE/ PURCHASE AGREEMENT; AND AUTHORIZING THE CFO OR HER DESIGNEE TO EXECUTE THE LEASE/PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AND CERTIFICATES AS MAY BE NECESSARY TO CARRY OUT THE TRANSACTIONS CONTEMPLATED BY THE AFOREMENTIONED AGREEMENT.

August 20, 1997

Presented by: Craig Prosser

Factual Background and Analysis

Resolution 97-2551 approves a lease financing agreement with SAWY Leasing Corp. (the lessor) for the lease/purchase of a UNIX based computer, workstations, and related equipment for the Transportation Department.

Under this master lease arrangement, interest rates for purchases during a 30-day period are set once each month. Interest rates remain in force during the term of the financing. True interest cost (TIC) includes both interest expenses and all other expenses paid, such as charges by the trustee. The current anticipated TIC is 5.15%. The maximum TIC for this financing, however, cannot exceed 6%. This rate is lower than other lease rates available at this time.

The total principal amount of this FlexLease is \$205,000, including costs of issuance.

This lease financing agreement is initiated under an existing master lease agreement between the Special Districts Association of Oregon and Strand, Atkinson, Williams & York (the underwriter). This master lease gives special districts (including Metro) access to low interest lease financing. This method of financing has been used by Metro numerous times.

This lease financing agreement covers only the specified equipment and software. If Metro chooses to use this financing vehicle for future purchases, a new agreement will be required. Council approval will be required for any new agreements.

Executive Officer's Recommendation

The Executive Officer recommends approval of Resolution No. 97-2551.

\\Bonds\FlexLeas\Transpor\97-2551S.Doc