

**January 27, 2010**



## **CREDIT FACILITY COMMITMENT**

**Non-Revolving Line of Credit to provide interim financing for costs related to the City's proposed renovation of PGE Park in the amount of \$12,000,000**



*Delivery via Email*

January 27, 2010

Ms. Patti Tigue  
City of Portland  
Public Finance and Treasury Division  
1221 SW Fourth Avenue, Room 120  
Portland, OR 97204  
[ptigue@ci.portland.or.us](mailto:ptigue@ci.portland.or.us)

Dear Ms. Tigue:

The City of Portland (the "City"), has requested a non-revolving line of credit (the "Facility") to provide interim financing for costs related to the City's proposed renovation of PGE Park. JPMorgan Chase Bank, N.A. (the "Lender" or the "Bank") is pleased to confirm its willingness to provide a Non-Revolving Line of Credit for the City in the amount of \$12,000,000, (the "Commitment") on the terms and conditions set forth herein and in the term sheet attached hereto (the "Term Sheet").

The obligation of the Lender to provide credit to the City is subject to the execution and delivery of loan documentation that is satisfactory to the Bank and its legal counsel (the "Loan Documents"). The Loan Documents shall contain such representations, warranties, covenants, events of default, conditions precedent, indemnities, remedies and general provisions that Bank and its counsel deem necessary and shall otherwise be satisfactory in form and substance to Bank and its counsel. The terms, covenants, and conditions set forth in the Term Sheet merely outline some of the principal provisions of the Loan Documents rather than a full and complete description or exclusive list of all terms, covenants and conditions. To the extent that any terms, covenants and conditions in the Loan Documents are inconsistent with this Commitment, the terms, covenants and conditions in the Loan Documents shall control. The Lender's obligation under this Commitment shall also be subject to the Lender's determination that there is no material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the City from June 30, 2009.

The City hereby agrees to reimburse the Lender for all reasonable out-of-pocket expenses (including the reasonable fees, time charges and expenses of attorneys for the Lender, which attorneys may be employees of the Lender) incurred in connection with the preparation, negotiation, execution, and enforcement of this commitment letter, the Loan Documents and any other documentation contemplated hereby or thereby. The City hereby further agrees to indemnify and hold harmless the Lender and its officers, employees, agents and directors (each an "Indemnified Party") against any and all losses, claims, damages, costs, expenses (including the reasonable fees, time charges and expenses of attorneys for the indemnified parties, which attorneys may be employees of the indemnified parties) or liabilities of every kind whatsoever to which each of the indemnified parties may become subject in connection in any way with the transaction which is the subject of this commitment letter, including, without limitation, expenses incurred in connection with investigating or defending against any liability or action (whether or not such indemnified party hereunder is a party thereto) other than any such costs, claims, damages, expenses, and liabilities resulting from the gross negligence or willful misconduct of such Indemnified Party.

The City's obligations under the immediately preceding paragraph shall continue and are and shall remain absolute obligations of the City, unless and until superseded by the indemnity provisions of definitive Loan Documents, whether or not Loan Documents are executed or any loan is made by the Lender or any conditions of lending are met.

The obligations of the Lender under this commitment letter are enforceable solely by the City and may not be relied upon by any other person. The Lender shall not be liable under this commitment letter or any Loan Document or in respect of any act, omission or event relating to the transaction contemplated hereby or thereby, on any theory of liability, for any special, indirect, consequential or punitive damages. IF THIS COMMITMENT LETTER, THE TERM SHEET OR ANY SUCH ACT, OMISSION OR EVENT BECOMES THE SUBJECT OF A DISPUTE, THE CITY AND THE LENDER EACH HEREBY WAIVE TRIAL BY JURY.

This commitment letter and the Term Sheet are for the City's confidential use only and may not be disclosed by it to any person other than its employees, attorneys and financial advisors (but not commercial lenders), and then only in connection with the proposed transaction and on a confidential basis, except where (in the City's reasonable judgment) disclosure is required by law or where the Lender consents to the proposed disclosure, which consent shall not be unreasonably withheld. Officers, directors, employees and agents of the Lender shall at all times have the right to share information received from the City with its affiliates and their respective officers, directors, employees and agents, all on a confidential basis. This commitment letter and the Term Sheet supersede any and all prior versions hereof or thereof. This commitment letter may only be amended by a writing signed by all parties hereto. This commitment letter shall be governed by the internal laws of the State of Colorado.

Please indicate your acceptance of the commitment herein contained in the space indicated below and return a copy of this commitment letter so executed to the Lender. By its acceptance hereof, the City agrees to pay the Lender the fees described in the Term Sheet, which are due and payable at the time of execution of this commitment letter, and non refundable unless specified otherwise on the Term Sheet. This commitment will expire on February 5<sup>th</sup> unless on or prior to such time the Lender shall have received a copy of this commitment letter executed by the City. Notwithstanding timely acceptance of this commitment letter pursuant to the preceding sentence, the commitment herein contained will automatically terminate unless definitive Loan Documents are executed on or before February 28, 2010.

Sincerely,

JPMorgan Chase Bank, N.A.

By:

*John Castanon*

Title:

JOHN CASTANON, SUP

ACCEPTED AND AGREED TO:

City of Portland, Oregon

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**City of Portland, Oregon**  
**Non-Revolving Line of Credit**  
**Summary of Terms and Conditions**

*January 27, 2010*

This Summary of Terms and Conditions supplements the commitment issued by JPMorgan Chase Bank, N.A. in the letter agreement to which this Summary is attached. The terms, covenants, and conditions set forth below outline some of the principal provisions of the Loan Documents, but do not provide a full and complete description or exclusive list of all terms, covenants and conditions. This Term Sheet supersedes all previous Term Sheets and oral discussions.

**Borrower:** The City of Portland, Oregon (the "Borrower" or the "City")

**Lender:** JPMorgan Chase Bank, N.A. ("JPMorgan Chase" or the "Bank"). Please refer to Exhibit I for information on JPMorgan Chase Bank, N.A.

**Facility:** Non-Revolving Line of Credit Facility ("Facility").

**Facility Amount:** An amount not to exceed \$12,000,000.

**Purpose:** To provide interim financing for costs related to the City's proposed renovation of PGE Park.

**Security:** The Facility will be a senior parity obligation of the Borrower and will be secured on a senior parity basis with other general revenue bond debt issued by the Borrower under its bond indenture(s), both present and future. The obligation of the Borrower under the Facility will be evidenced by a promissory note of the Borrower. The Facility will be secured by the Available General Funds of the City, which are all taxes and other legally available general funds of the City.

The obligation must be an accelerable instrument and not subject to other bondholder voting limitations.

**Stated Expiration Date:** Three-years from the date of closing as set forth in Exhibit II.

**Renewal Provisions:** The Borrower may request, no later than 60 days prior to the Stated Expiration Date, the Bank may agree to extend the maturity of the Facility for an addition period as agreed. Approval by Bank officers holding credit authority will be required for any extension. The Bank would notify the Borrower of its decision on such extension within 30 days of receipt of the request. Failure to so notify would be deemed a denial of such request by the Bank.

**Interest Rate:** The interest rate for the Facility is set forth in Exhibit II.

**CONFIDENTIAL****Non-Usage Fee:**

The Non-Usage Fee for the Facility is set forth in Exhibit II.

The per annum fees for the tenor option selected by the Borrower as set forth in Exhibit II will be the Facility Fee expressed as a percentage of the outstanding amount of the Facility based on a 360-day year and the actual number of days in such period. The Facility Fee will be paid quarterly in arrears for the actual number of days via a direct debit from an account held at the Bank.

**Other Fees:**

Please see Exhibit II for other Fees.

**Conditions  
Precedent:**

Usual and customary conditions for like situated borrowers and the Facility's type and tenor, to issuance of the Facility (including absence of default or unmatured default, absence of material litigation and lack of material adverse change from the Borrower's financial condition and operations as reflected in the financial statements of the Borrower as of June 30, 2009. Additional conditions precedent to the issuance of the Facility will include:

1. The Bank not becoming aware of any information affecting either the Borrower or this transaction which is inconsistent in a material manner with what has been previously disclosed to the Bank and such information is true and correct in all material respects.
2. The absence of any situation occurring which would, in the opinion of the Bank, materially adversely affect the Borrower or this transaction.
3. The Borrower currently maintains all necessary approvals, orders, authorizations, consents, licenses, certificates and permits from all applicable governmental authorities, which are or may be required to operate its facilities.
4. The Borrower shall have delivered other customary closing documentation, including, without limitation, legal opinions of counsel to the borrower, acceptable to the Bank. Receipt and acceptance by the Bank of a validity and enforceability opinion related to the City's pledged revenues.
5. The Borrower shall have delivered a Promissory Note and Trust Indenture securing the Borrower's obligations under the Facility, and an opinion of Borrower's Counsel as to the execution and delivery of the Promissory Note, Trust Indenture, and all other loan documents, each in form and substance acceptable to the Bank.
6. The Borrower's Limited Tax Revenue Bonds shall be rated "Aa1" by Moody's.

**Representations  
and Warranties:**

Usual representations and warranties for like situated borrowers and the Facility's type and tenor, including, without limitation, absence of material adverse change, absence of material litigation, absence of default or potential default and continued accuracy of representations.

Representations and warranties relating to absence of sovereign immunity (or waiver of sovereign immunity, if applicable) will also be required for all governmental entities.

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**Covenants:**

Delivery of financial statements, reports, accountants' letters, projections, officers' certificates and other information requested by the Bank; payment of other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Bank to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws, and compliance with all covenants of other Related Documents.

The Facility will contain customary negative covenants, including, without limitation, restrictions on the following: liens and encumbrances; indebtedness and guarantees; sale and transfer of assets; consolidations and mergers; investments, loans and advances; capital expenditures; operating leases; transactions with affiliates; changes in line of business; and prepayment of other debt.

**Banking Relationship Covenants:**

Additional non-credit business will not be a requirement for extension of the three-year Facility.

**Reporting Covenants:**

Unless otherwise requested, the Borrower will provide the following items in an electronic format acceptable to the Bank.

1. Comprehensive Annual Financial Report ("CAFR") of the Borrower within 120 days of the fiscal year end.
2. Together with the CAFR, the Borrower will provide a no-default and covenant compliance certificate signed by an Authorized Officer of the Borrower.
3. Additional information as reasonably requested by the Bank.

**Financial Covenants:**

This Facility will incorporate by reference covenants contained in the Related Documents and said covenants and provisions will be deemed to be for the benefit of the Bank. Any amendments to, or waiver of, said provisions will require the consent of the Bank.

The Bank will also require the following covenants which will be defined in the loan documentation:

1. Any financial covenant whether existing or so negotiated with any other creditor during the term of the Facility shall also be deemed incorporated into the Facility, with survivability, and shall be governed by all such rights and remedies.
2. Maintain underlying stand-alone Limited Tax Revenue Bond ratings of "Aa3" or higher from Moody's at all times.

**Events of Default:**

The Events of Default will be those usual and customary for like situated borrowers and the Facility's type and tenor, including, without limitation, failure to pay principal, interest, and other facility obligations when due; failure of representations and warranties; breach of covenants in facility loan documents; failure to pay judgments when due; commencement bankruptcy, or similar proceeding or act of insolvency; compromise of guaranty, collateral or other credit support; defaults related to employee benefit plans; merger, dissolution or similar corporate event; and cross-default to payment and terms of other obligations.

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- Participations:** The Bank may, in its sole discretion, sell participations in the Facility and disclose information to prospective participants and share, at its option, any fees with such participants.
- Governing Law:** All aspects of the credit(s) being discussed including this Term Sheet and any loan documents would be governed by the laws of the State of Oregon for the City and the State of New York for the Bank.
- Counsel:** JPMorgan Chase will engage a law firm to be determined upon execution of this Commitment. At that time, the Bank will agree to cap such legal expenses, plus disbursements, based on the scope of the financing.
- Chapman and Cutler LLP
- David Field, Esq.
- 111 West Monroe Street
- Chicago, IL 60603
- [dfield@chapman.com](mailto:dfield@chapman.com)
- Expenses:** Upon the acceptance of a commitment, all legal expenses of the Bank (including those of in-house counsel), plus costs and expenses and other documentation fees incurred as a direct or indirect result of the preparation and review of the Facility documents and the Bond documents, will be reimbursed by the Borrower whether or not the Facility closes.
- Yield Protection:** The Borrower will be required to reimburse the Bank for any increased costs in the issuance or maintenance of the Facility imposed by a change in any law, rule, or regulation affecting the Bank's commitment or its ability to act in accordance with such commitment.
- Information Sharing:** The Borrower agrees that the Bank may provide any information or knowledge the Bank may have about the Borrower or about any matter relating to the facilities described in this Term Sheet to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers, potential purchasers, participants or assignees of facilities described in this letter. The Borrower agrees that the Bank may at any time sell, assign or transfer one or more interests or participations in all or any part of its rights and obligations in the facilities described in this letter to one or more purchasers whether or not related to the Bank.



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**Confidentiality Statement:** The terms of this Term Sheet are for Borrower's confidential use and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law, or where the Bank consents to the proposed disclosure; *provided, however*, that the Borrower (and each employee, representative or other agent of the Borrower) may disclose to any and all persons, without limitation of any kind, the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are or have been provided to the Borrower relating to such tax treatment or tax structure, except that, with respect to any document or similar item that in either case contains information concerning such tax treatment or tax structure of the transactions contemplated hereby as well as other information, this proviso will only apply to such portions of the document or similar item that relate to such tax treatment or tax structure of the transactions contemplated hereby.

The Bank may, from time to time, be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower may have conflicting interests regarding the transaction described herein and otherwise. The Bank confirms that it will not use confidential information obtained from the Borrower by virtue of the potential transaction contemplated by this commitment or our other relationships with the Borrower in connection with the performance by Bank of such services for other companies. The Bank will not use in connection with the potential transaction contemplated by this commitment, or furnish to you, confidential information obtained from other companies.

\* \* \*

*This Term Sheet is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby.*

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## Exhibit I

# INFORMATION ON JPMORGAN CHASE

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**Bank's Credit  
Ratings:****Public Ratings for JPMorgan Chase Bank, N.A.**

	S&P	Moody's	Fitch
Long Term Ratings:	AA-	Aa1	AA-
Short Term Ratings:	A-1+	P-1	F1+
Outlook:	Negative	Negative	Stable

\*All three rating agencies upgraded JPMorgan ratings during February and March 2007. Standard and Poor's subsequently downgraded the Bank's Long Term Rating while maintaining the negative outlook on December 19, 2008. Moody's downgraded the Bank's Long Term Rating from Aaa on January 15, 2009 and changed the outlook from Stable on March 4, 2009.

**Annual Report:**

The Bank's most recent annual report can be accessed via the following website:

<http://www.jpmorgan.com>

**Bank Contacts:**

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17875 Von Karman, Floor 01  
Irvine, CA, 92614  
Phone: 949-833-4739  
Fax: 949-833-4737  
[amy.rutz@chase.com](mailto:amy.rutz@chase.com)

John Castanon  
300 S. Grand Avenue, 4th Fl.  
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Fax: 213-608-3762  
[John.castanon@chase.com](mailto:John.castanon@chase.com)

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**Exhibit II****Pricing and Other Fee Information****Interest and Facility Fees**

Tenor	Up-Front Fee	Interest Rate	Non-Usage Fee
Two years	0 bps	L + 90 bps	20 bps
Three years	0 bps	L + 125 bps	20 bps

1. Fees are based on an actual / 360-day year and are quoted in basis points per annum.
2. Interest Rates at the Borrower's option a) 30-day LIBOR plus applicable spread or b) the CB Floating Rate\* plus 0% (see below).
3. Fees are based on a 360-day year basis payable on the unused portion of the facility. The fee is due quarterly in arrears.

**Bank's 'CB Floating Rate'**

*\*The CB Floating Rate is intended for overnight borrowings when a LIBOR 'Lock' cannot be implemented.*

*CB Floating Rate means the Prime Rate; provided that the CB Floating Rate shall, on any day, not be less than the Adjusted One Month LIBOR Rate. The CB Floating Rate is a variable rate and any change in the CB Floating Rate due to any change in the Prime Rate or the Adjusted One Month LIBOR Rate is effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBOR Rate respectively.*

*Adjusted One Month LIBOR Rate means, for any day, the sum of (i) 2.50% per annum plus (ii) the quotient of (a) the interest rate determined by the Bank by reference to the Page to be the rate at approximately 11:00 a.m. London time, on such date or, if such date is not a Business Day, on the immediately preceding Business Date for dollar deposits with a maturity equal to one (1) month, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to the dollar deposits in the London interbank market with a maturity equal to one (1) month.*

*Prime Rate means the rate of interest per annum announced from time to time by the Bank as its prime rate. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK'S LOWEST RATE.*

**CONFIDENTIAL****Other Certain Fees**

<b>Default Rate</b>	Non-default rate + 3.00%
<b>Renewal/Amendment Fee</b>	Based on market rates to be determined at such time
<b>Bank Counsel Fee</b>	Capped at \$15,000. (Includes travel and disbursements, if any).
<b>Closing Fee</b>	Travel or other expenses. Actual fees. Fee not to exceed \$2,000.