



**UMPQUA**  
**B · A · N · K**

January 27, 2010

City of Portland  
Public Finance and Treasury Division  
Patti Tigue, Principal Debt Analyst  
1221 SW Fourth Avenue, Room 120  
Portland, OR 97204

**EXPRESSION OF INTEREST LETTER**

**THIS EXPRESSION OF INTEREST LETTER IS FOR DISCUSSION PURPOSES ONLY. IT DOES NOT CONSTITUTE A COMMITMENT FROM UMPQUA BANK**

Dear Patti Tigue, Principal Debt Analyst,

Umpqua Bank ("Umpqua") would like to express its interest in pursuing approval for the following credit facility to City of Portland on the terms and conditions outlined below.

Borrower:	City of Portland
Borrowing Limit:	\$12,000,000.00
Loan Purpose:	Non-revolving line of credit to provide interim financing for the City's proposed renovation of PGE Park.
Interest Rate:	WSJ Prime Rate plus 0.00%, fully floating with a floor rate of 3.50%. Rates are calculated on an actual day/360 day basis.  <i>The "WSJ Prime Rate" is the prime rate quoted in the Wall Street Journal.</i>
Loan Fee:	\$30,000.00 (0.25% of commitment amount) to be charged at closing.
Maturity Date:	February 1, 2015
Repayment Terms:	Interest is to be paid on a semi annual schedule, with the entire balance due on the Maturity Date.
Collateral:	Full faith and credit by the City of Portland. A security interest in the City's Spectator Fund Revenues as well as the City of Portland's General Fund consisting of all taxes and other legally available general funds of the City, if applicable.
Maximum Advance:	Advances are limited to the loan amount with a minimum draw amount of \$100,000.00, except for costs of issuance.

- Documentation:** Borrower and the other persons or entities granting a security interest in Collateral for this loan would be required to execute various attorney-prepared loan documents provided by Umpqua in a form and with content satisfactory to Umpqua. Loan documents would contain additional covenants and conditions not contained in this Expression of Interest.
- Documentation Fee:** Borrower will pay all out of pocket expenses associated with documenting this transaction including all attorney costs associated with the document preparation.
- Prepayment Provision:** None.

### Additional Conditions

#### **Reporting Requirements:**

1. Borrower will provide Umpqua with reasonably detailed, annual CPA audited financial statements within 210 days of fiscal year end.
2. Borrower will maintain complete books and records relating to the Civic Stadium Improvement Project (PGE Park) and all related City funds and accounts in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each fiscal year, and an audit report prepared by the auditor.
3. The City shall not issue any additional obligations except Visitor Development Initiative obligations which have a lien or claim on the Spectator Facilities Revenue or Available General Funds which is superior to the lien or claim of Umpqua Bank.
4. At any time requested by Umpqua, Borrower shall furnish any additional information regarding Borrower's financial condition and business operations. This information may include, but is not limited to, financial statements, tax returns, lists of assets and liabilities, agings of receivables and payables, inventory schedules, budgets and forecasts.

#### **Financial Covenants:**

1. Per Oregon Law (ORS 287.004), the City will not incur general obligation debt over 3% of the City's real market value (*currently valued at \$90.9B at FY 08-09*). Certain self-supporting bonds may be exempt from this limitation.

#### **Other Requirements:**

1. Borrower shall reimburse Umpqua for all out-of-pocket expenses incurred in connection with this credit accommodation upon demand, whether or not this transaction closes or is funded. Such expenses shall include, without limitation, attorney fees, title insurance fees, travel costs, examination expenses, filing fees, and other customary charges.
2. Throughout the term of the Loan, Borrower shall maintain with Umpqua Bank one or more deposit accounts with aggregate average balances of not less than \$6,000,000.00.
3. An Opinion letter from the City of Portland's legal counsel stating that they are authorized to enter into this loan agreement.

*For discussion purposes only. Not a commitment to lend.*

4. The City of Portland will provide Umpqua Bank with requested information on the approved Ordinance 183070 authorizing the issuance of revenue bonds under Oregon Revised Statutes 287A.150.

**GENERAL CONDITIONS:** This Proposal is for discussion purposes only, and is only a general, non-binding expression of interest on the part of the Umpqua. Our consideration of this Proposal is subject to the fulfillment of a number of usual and customary conditions including, but not limited to our normal credit approval process, our in-depth investigation of the Proposal and the credit and financial status of the Borrower and all guarantors and a review of the proposed collateral, the results of which are deemed satisfactory by Umpqua, in its sole discretion. In addition, this Proposal is subject to the execution and delivery of documents in a form satisfactory to Umpqua and the absence of a material adverse change in the business, financial condition, or prospect of Borrower or any Guarantor. The undersigned certifies that any financial information presented to Umpqua in connection with this Proposal is and will be correct and complete. Umpqua is authorized to investigate the credit and employment status of Borrower and the guarantors, either directly or through any agent. Umpqua may share this financial information with our affiliates unless you give us a written request to not share that information in accordance with Umpqua's privacy procedures.

**UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY LENDERS AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY THE LENDER TO BE ENFORCEABLE.**

We look forward to your early review and response. If you wish to have me pursue approval of an application according to this Proposal, please sign and return the enclosed copy of this letter to my attention no later than February 1, 2010. We look forward to working with you.

Sincerely,



Stephanie McCallum  
Commercial Banking  
Umpqua Bank

**ACKNOWLEDGMENT**

Please pursue approval of a commitment in accordance with this Proposal.

**Borrower**

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

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

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