

**TAXABLE NON-REVOLVING CREDIT FACILITY
(SEWER SYSTEM INTERIM FINANCING)**

by and between the

City of Portland, Oregon

and

Bank of America, N.A.

Dated as of March 31, 2010

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TAXABLE NON-REVOLVING CREDIT FACILITY (SEWER SYSTEM INTERIM FINANCING)

This Non-Revolving Credit Facility is entered into between the City of Portland, Oregon, and Bank of America, N.A. as of this 31st day of March, 2010.

1. Definitions.

For purposes of this Facility and unless the context clearly requires otherwise, capitalized terms that are used but not defined in this Facility shall have the meanings defined for such terms on the Master Second Lien Bond Declaration and the following capitalized terms shall have the following meanings:

“Available Net Revenues” means the Gross Revenues that are available to pay this Facility in accordance with Section 6.1(G).

“Bank” means Bank of America, N.A. or its successors and/or assigns.

“Banking Day” means any day (other than a Saturday or a Sunday) on which the Bank is open for business in Oregon.

“BBA LIBOR Daily Floating Rate” means a fluctuating rate of interest that can change on each Banking Day. The rate will be adjusted on each Banking Day to equal the British Bankers Association LIBOR Rate (“BBA LIBOR”) for U.S. Dollar deposits for delivery on the date in question for a one month term beginning on that date. The Bank will use the BBA LIBOR Rate as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question, as adjusted from time to time in the Bank’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank.

“City” means the City of Portland, Oregon.

“Code” means the United States Internal Revenue Code of 1986, as amended, including its applicable regulations, rulings and judicial precedents.

“Debt Manager” means the Debt Manager of the City, the Chief Financial Officer of the Bureau of Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Facility.

“Event of Default” means the declaration by the Bank of an event of default as a result of a determination by the Bank that there has been: (i) a failure to pay principal, interest, fees or other amounts on this Facility when due, as provided in this Facility; or (ii) a failure by the City to comply with any of its obligations, or to perform any of its duties, under this Facility or the

Ordinance, which failure continues, and is not cured, for a period of more than 30 days after the Bank has made written demand on the City to cure such failure; or (iii) a material misrepresentation by the City in this Facility.

“Facility” means this Taxable Non-Revolving Credit Facility (Sewer System Interim Financing).

“Facility Rate” means the rate at which each Tranche bears interest, which the City shall select as between the Floating Rate Option or a Fixed Rate Option.

“First Lien Bonds” means obligations that issued pursuant to the First Lien Bond Ordinance and that are secured by a first lien on the Net Revenues.

“First Lien Bond Ordinance” means City Ordinance 160276, as it has been amended and may be amended from time to time in accordance with its terms. Section references to the First Lien Bond Ordinance are references to the section numbers of the First Lien Bond Ordinance as shown in the Administrative Restatement of Ordinance No. 160276 and its amendments that the City has provided to the Bank.

“Fiscal Year” means the period beginning July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon Law.

“Fixed Rate Option” means an annualized fixed rate for the applicable Rate Period that is equal to LIBOR for the applicable Rate Period, plus 0.50%.

“Floating Rate Option” means a fully floating rate per year equal to the BBA LIBOR Daily Floating Rate, plus 0.50%.

“Gross Revenues” means all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Sewer System, including revenues from product sales and interest earnings on Gross Revenues in the Sewage Disposal Fund and transfers to the Sewage Disposal Fund from the City’s LID Construction Fund. Gross Revenues also shall also include transfers out of the Rate Stabilization Fund. However, the term “Gross Revenues” shall not include:

(a) The interest income or other earnings derived from the investment of the Rebate Fund or any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;

(b) Installment loan contract payments received by the City for line and branch charges, connection fees, local improvement district assessments or system development charges that have been pledged as security for a borrowing through the City Auditor’s Office or another City bureau which is separate from the Bureau of Environmental Services;

(c) Any gifts, grants, donations or other moneys received by the City from any State or Federal Agency or other person if such moneys are restricted by law or the grantor to uses inconsistent with the payment of Second Lien Bonds;

(d) The proceeds of any borrowing except borrowings that are described in clause (b) of this definition in connection with line and branch charges, connection fees, local improvement

district assessments or system development charges;

(e) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);

(g) The proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Sewer System;

(h) The proceeds derived from the sales of assets pursuant to Section 9.10 of the Master Second Lien Bond Declaration;

(i) Any ad valorem or other taxes imposed by the City (except charges or payments for Sewer System services which become "taxes" within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners); and,

(j) Any income, fees, charges, receipts, profits or other moneys derived by the City from its ownership or operation of any Separate Utility System.

"London Banking Day" means a day on which banks in London are open for business and dealing in offshore dollars.

"LIBOR" means, for any applicable Rate Period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m., London time, two (2) London Banking Days before the commencement of the Rate Period, for U.S. Dollar deposits (for delivery on the first day of such Rate Period) with a term equivalent to such Rate Period. If such rate is not available at such time for any reason, then the rate for that Rate Period will be determined by such alternate method as reasonably selected by the Bank.

"Master Second Lien Bond Declaration" means the Master Second Lien Sewer System Revenue Bond Declaration that was executed by the City on April 3, 2003, as it has been and may be amended from time to time in accordance with its terms.

"Maturity Date" means the earlier of:

(a) the date on which the City issues obligations to refund this Facility; or,

(b) August 31, 2010, or the date to which this Facility is extended pursuant to Section 6.

"Net Revenues" means the Gross Revenues less the Operating Expenses.

"Operating Expenses" means all costs which are properly treated as expenses of operating and maintaining the Sewer System under generally accepted accounting principles, lease payments described in Section 5.7 of the Master Second Lien Bond Declaration, and transfers to the Rate Stabilization Fund that are permitted under Section 3.1(I) of the Master Second Lien Bond Declaration. However, Operating Expenses do not include:

(a) Any rebates or penalties paid from Gross Revenues under Section 148 of the Code;

(b) Payments of judgments against the City and payments for the settlement of litigation;

(c) Depreciation and amortization of property values or losses and other non-cash expenses

(d) All amounts treated for accounting purposes as payments for capital expenditures;

(e) Debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings for capital expenditures;

(f) The expenses of owning, operating or maintaining any Separate Utility System;

(g) Franchise fees and similar charges imposed by the City on the Sewer System or its operations;

(h) Expenditures made from any liability insurance proceeds;

(i) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Sewer System;

(j) Expenditures made from grant monies regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Sewer System; and,

(k) Expenditures allocable to any other funding source which does not constitute Gross Revenues of the Sewer System.

“Ordinances” means City Ordinance No. 183469, adopted on January 13, 2010, and Ordinance No. 183576, adopted on March 3, 2010, authorizing this Facility.

“Outstanding Facility Balance” means, at any time, the amount of \$160,000,000, less the sum of all principal repayments that have been received by the Bank. The phrase “while there is an Outstanding Facility Balance” refers to times when the sum of all Tranches, less the sum of all principal repayments, is greater than zero.

“Projects” means capital projects of the City’s Bureau of Environmental Services that are eligible for financing with Net Revenues of the Sewer System.

“Rate Certificate” means a request for a Facility Rate to apply to a Tranche under this Facility, which is substantially in the form attached to this Facility as Exhibit A.

“Rate Period” means a period in monthly increments from one (1) month to three (3) months. No Rate Period shall not extend beyond the Maturity Date of this Facility. Tranches under the Facility accruing interest at the Fixed Rate Option shall be in increments not less than \$100,000.

“Second Lien Bonds” means obligations that are issued under the Master Second Lien Bond Declaration and are secured by the Net Revenues that are available after required funding of debt service and reserves for First Lien Bonds.

“Sewer System” means all real and personal property now or hereafter owned, operated, used, or maintained by the City for sewage disposal or sewage purification within or without the corporate limits of the City, including but not limited to, all methods of storm drainage, intercepting sewers, diversion sewers, relieving or interconnection sewers, sewers to separate storm and sanitary sewage, pump or ejector stations and equipment, and plants for treatment, processing and disposal of sewage.

“Tranche” means either all or a portion of the principal amount of the loan to the City under this Facility.

2. Recitals.

2.1 The City recites:

The City enters into this Facility to obtain interim financing for costs of Projects and to pay costs related to this Facility.

2.2 The Bank recites:

(A) The Bank agrees to provide this Facility to the City.

(B) The Ordinance is acceptable to the Bank.

3. Facility.

3.1 The Bank hereby agrees to advance One Hundred Sixty Million and No/100 Dollars (\$160,000,000.00) to the City on the date of this Facility, but only if the City has satisfied the conditions in Section 16 of this Facility. The City agrees to borrow the full amount of the Facility on the date hereof. Until the City files a Rate Certificate, the full advance shall bear interest at the Floating Rate Option. The Facility is a non-revolving line of credit. Any amount borrowed, even if repaid before the Maturity Date, permanently reduces the Outstanding Facility Balance and may not be reborrowed.

3.2 The Outstanding Facility Balance shall bear interest at the Facility Rate, calculated on an actual/360 day basis, and payable on the Maturity Date.

3.3 The Outstanding Facility Balance, plus accrued, unpaid interest and fees, shall be paid no later than the Maturity Date.

3.4 Each Tranche shall bear interest at the Facility Rate option specified by the City in the Rate Certificate and, in the case of the Fixed Rate Option, for the Rate Period specified therein. Rate Certificates requesting the Fixed Rate Option shall be delivered to the Bank at least three (3) Banking Days before the date on which the City requests that the Tranche accrue interest at such rate. Rate Certificates requesting the Floating Rate Option may be delivered to the Bank by 11:00 am, Pacific time, on the same Banking Day on which the City requests that the Tranche accrue interest at such rate. If the City fails to specify a Facility Rate option and Rate Period, if applicable, prior to the expiration of a Rate Period, as required by this Section 3.4, the Facility Rate option for that Tranche shall be the Floating Rate Option until the City notifies the Bank in accordance with this Section 3.4.

3.5 The Bank shall send the City an invoice for the amount due on this Facility, not later than ten (10) Banking Days prior to the Maturity Date. The invoice shall specify: (i) the Outstanding Facility Balance on the date of the invoice; and (ii) the rates charged on all Tranches for which an interest payment is due and the period during which those rates were in effect. The calculations will be made on the assumption that no principal repayments will be received by the Bank

between the date of the invoice statement and the due date, and that there will be no changes in the applicable Facility Rate.

4. Prepayment of this Facility.

4.1 The City may prepay any portion of the Outstanding Facility Balance that bears interest at the Floating Rate Option on any Banking Day without prior notice to the Bank, with interest to the date of prepayment but without payment of any additional fees or penalties.

4.2 The City may prepay any portion of the Outstanding Facility Balance that bears interest at the Fixed Rate Option on the last day of any Rate Period (or the next Banking Day, if the last day of the Rate Period is not a Banking Day) without notice to the Bank, with interest to the date of prepayment but without payment of any additional fees or penalties. The City may not otherwise prepay any portion of the Outstanding Facility Balance that bears interest at a Fixed Rate Option unless the City reimburses the Bank for the Bank's breakage and redeployment costs as provided below in Section 4.4.

4.3 Payments by the City to the Bank shall be applied first to prepayment fees as provided below in Section 4.4, if any, second, to pay accrued, unpaid interest on the amount that is being prepaid, and third, to reduce the Outstanding Facility Balance.

4.4 If a Tranche that bears interest at the Fixed Rate Option is prepaid prior to the end of its Rate Period, the City shall pay the Bank a prepayment fee that is equal to the amount by which:

(A) The additional interest that would have been payable on the amount prepaid had it not been paid until the last day of the Rate Period exceeds

(B) The interest that would have been recoverable by the Bank by investing the amount prepaid at LIBOR for a period starting on the date on which it was prepaid and ending on the last day of the Rate Period. If LIBOR is not available for that period, the rate for that period shall be determined using a straight-line interpolation between LIBOR for the closest available periods.

4.5 This Facility will terminate on payment or prepayment in full of the Outstanding Facility Balance, plus accrued, unpaid interest and fees.

5. Security for Facility.

5.1 This Facility is a special obligation of the City that is payable solely from the Available Net Revenues.

5.2 The City hereby pledges the Net Revenues to pay the amounts due under this Facility. Pursuant to ORS 287A.310, this pledge of the Net Revenues shall be valid and binding from the date of execution of this Facility. The Net Revenues so pledged and hereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of this pledge is subordinate to the lien securing the First Lien Bonds and the Second Lien Bonds but shall be superior to all other claims and liens. The City covenants

and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of this pledge.

5.3 The City hereby pledges the Available Net Revenues to pay the amounts due under this Facility. Pursuant to ORS 287A.310, this pledge of the Available Net Revenues shall be valid and binding from the date of execution of this Facility. The Available Net Revenues so pledged and hereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of this pledge shall be superior to all other claims and liens. The City covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of this pledge.

5.4 In addition, the City hereby irrevocably pledges the proceeds of obligations that refund this Facility, to pay the amounts due under this Facility. The lien of this Facility on the proceeds of obligations that refund this Facility shall attach immediately, and shall be superior to all other liens and claims against those proceeds pursuant to ORS 287A.310.

5.5 On or before the Maturity Date, the City agrees to issue obligations in an amount sufficient to generate net proceeds, together with other available resources of the City, to pay or prepay the Outstanding Facility Balance in full, plus accrued, unpaid interest and fees.

5.6 While this Facility is in effect and except as provided in Section 5.7, unless the City obtains the prior written consent of the Bank:

(A) the City shall not issue any obligations that are secured by a lien on the Net Revenues that is equal or superior to the lien that secures this Facility. The City may enter into Oregon Department of Environmental Quality State Revolving Fund loan agreements and similar obligations that are secured by a lien on the Net Revenues that is subordinate to the lien that secures this Facility.

(B) the City shall not issue any obligations that are secured by a lien on the proceeds of the refunding obligations described in Section 5.5 above.

5.7 The City may issue obligations that are secured by a lien on the Net Revenues that is superior to the lien that secures this Facility, but only to refund the amounts due under this Facility, and only if the City repays all amounts due under this Facility on the same day (which shall be a Banking Day) that the refunding obligations are issued.

5.8 The City covenants for the benefit of the Bank to comply with:

(A) The covenants to regarding the Sewer System that are in Section E(4) of the First Lien Bond Ordinance and in Section 9.7 of the Master Second Lien Bond Declaration.

(B) The rate covenants that are in Section D of the First Lien Bond Ordinance and in Section 5 of the Master Second Lien Bond Declaration.

6. Flow of Funds.

6.1 All Gross Revenues shall be deposited to and maintained in the Sewage Disposal Fund, and shall be used only as described in this Section as long as there is an Outstanding Facility Balance. The City shall apply Gross Revenues in the Sewage Disposal Fund on or before the following dates for the following purposes in the following order of priority:

- (A) At any time to pay Operating Expenses which are then due, and any rebate of earnings on nonpurpose obligations in which the gross proceeds of First Lien Bonds are invested which is required to be paid under Section 148(f) of the Code;
- (B) To make all transfers to the First Lien Bond Debt Service Account and the First Lien Bond Reserve Account on the dates those transfers are required by the First Lien Bond Ordinance;
- (C) One Banking Day prior to each Payment Date, to transfer Net Revenues to the Second Lien Bond Account an amount sufficient (with amounts available in the Second Lien Bond Account) to pay in full all Second Lien Bond principal, interest and premium, if any, which is due to be paid on that Payment Date;
- (D) On each date specified in a schedule for installment funding of the Second Lien Bond Reserve Account pursuant to Section 4.3(J) of the Master Second Lien Bond Declaration, to transfer Net Revenues in the amount specified in that schedule to the Second Lien Bond Reserve Account;
- (E) On the first day of each month following a Valuation Date on which the balance in any subaccount of the Second Lien Bond Reserve Account is determined to be less than the Second Lien Bond Reserve Requirement for that subaccount, to transfer to the Second Lien Bond Reserve Account the amount required by Section 4.3(C) of the Master Second Lien Bond Declaration;
- (F) On the day on which any rebates or penalties for Second Lien Bonds are due to be paid to the United States pursuant to Section 148 of the Code, to pay the amounts due to the United States;
- (G) On the dates amounts are due under this Facility, to pay all amounts then due under this Facility;
- (H) After all transfers and payments having a higher priority under this Section have been made, Net Revenues shall be applied to any franchise fees, utility license fees and similar charges imposed by the City on the Sewer System or its operations.
- (I) On any date, the City may transfer Net Revenues to the Rate Stabilization Fund or spend Net Revenues for any other lawful purpose, but only if all deposits and payments having a higher priority under this Section have been made.

7. Extension

This Facility may not be extended without the prior written agreement of the Bank, which may be withheld in its sole discretion.

8. Use of Facility Proceeds.

The City shall use the proceeds of this Facility only to finance costs of the Projects and costs related to this Facility.

9. Taxation of Interest.

Interest paid on Tranches under this Facility is includable in gross income under the Code. The City intends to qualify this Facility as a "Build America Bond." The City does not expect to receive the federal interest subsidy for this Facility until after this Facility is paid.

10. Default.

10.1 If an Event of Default occurs, the Bank may exercise any remedy available at law or in equity, however, the amounts due under this Facility shall not be subject to acceleration. No remedy shall be exclusive. The Bank may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

10.2 If an event described in clause (i) of the definition of "Event of Default" occurs, the Bank may add three (3.0) percentage points to the Facility Rate, effective on the date that the Bank declares the Event of Default, and continuing until the Outstanding Facility Balance is paid or the Event of Default is cured.

11. Fees, Costs and Expenses.

11.1 Bank Fees for this Facility. The City shall pay the Bank an origination fee at Closing of \$16,000.

11.2 Other Facility Fees and Costs. The City shall pay the fees and costs of bond counsel, and any other expenses and costs that the City incurs in connection with this Facility. The City shall also pay the Bank's reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with this Facility, including the costs of Bank's counsel to review this Facility, in an aggregate amount not to exceed \$1,200.

11.3 The Bank will not charge the City any other fees or costs in connection with this Facility.

12. Representations, Warranties and Agreements of the City.

By executing this Facility in the space provided below, the City represents and warrants to, and agrees with the Bank that:

12.1 The City is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Facility and perform its duties under the Ordinances and this Facility, and that the Ordinances and this Facility will constitute legal, valid and binding obligations of the City that are enforceable in accordance with their terms.

12.2 The adoption of the Ordinances and the execution and delivery of this Facility will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement to which the City is a party or by which it is bound.

12.3 There is no action, suit, proceeding or investigation at law or in equity before or by any court, government, or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Ordinance or the execution and delivery of this Facility, or the collection and application of the funds as contemplated by the Ordinances and this Facility, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Facility.

13. Representations and Warranties of the Bank.

By executing this Facility in the space provided below, the Bank represents and warrants to, and agrees with the City that:

13.1 The Bank is authorized to enter into this Facility.

13.2 The consummation of the transactions contemplated by this Facility will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Bank or any agreement to which the Bank is a party.

13.3 The execution, delivery and performance by the Bank of this Facility and all related agreements, instruments and documents to which the Bank is a party have been duly authorized and constitute legal, valid and binding obligations of the Bank, enforceable against the Bank in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

14. Financial Statements; Notice of Adverse Developments; Budgets.

14.1 While this Facility is in effect, the City shall:

(A) Provide the Bank with a copy of the City's final, annual audited financial statement for each Fiscal Year within 210 days after the end of each Fiscal Year.

(B) Provide the Bank with each annual budget of the City within 45 days after such budget is adopted.

- (C) Notify the Bank promptly of any development that is likely to have a material, adverse effect on the ability of the City to pay the amounts due under this Facility.
- (D) Provide the Bank with such other financial information as may reasonably be requested by Bank from time to time.

15. Title and Security Interest.

The City shall be entitled to unencumbered, fee simple title to the Projects, and the Bank shall have no lien on, or security interest in, the Projects.

16. Conditions to the Obligations of the Bank.

16.1 The Bank may refuse to advance funds under this Facility unless the Bank has received all of the following:

- (A) Copies of the Ordinances.
- (B) an opinion of K&L Gates LLP, bond counsel, to the effect that: (i) this Facility has been legally adopted, authorized and executed under and pursuant to the Constitution and statutes of the State of Oregon and the Ordinance; (ii) this Facility and the Ordinance are valid and legally binding obligations of the City enforceable against the City in accordance with their terms, payable from the security granted in Article 5, subject to customary limitations.
- (C) the certificate of the Debt Manager to the effect that:
 - (1) there is no action, suit, proceeding or investigation at law or in equity before or by any court, government, or body pending or, to the best of the knowledge of the Debt Manager, threatened against the City to restrain or enjoin the adoption of the Ordinance or the execution and delivery of this Facility, or the collection and application of funds as contemplated by this Facility, that, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Facility; and
 - (2) the adoption of the Ordinance and the execution and delivery of this Facility do not and will not conflict in any material respect with or constitute on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement or instrument to which the City is a party or by which it is bound.

16.2 The Bank may refuse to advance funds under this Facility:

- (A) If there has occurred any of the following that, in the reasonable judgment of the Bank, materially and adversely affects the ability of the Bank to advance funds or materially increases the cost to the Bank of advancing funds under this Facility:

- (1) a declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community and the United States; or
 - (2) a declaration of a general banking moratorium by federal, New York or Oregon authorities, or the general suspension of trading on any national securities exchange.
- (B) If the Bank reasonably determines that the representations and warranties of the City in this Facility or the Ordinances were untrue in any material respect when made, or have become untrue.
- (C) an event has occurred and has not been cured that, in the reasonable judgment of the Bank, would allow the Bank to declare that an Event of Default has occurred.

17. Dispute Resolution Provision.

17.1 This Section, including the subsections below, is referred to as the “Dispute Resolution Provision.” This Dispute Resolution Provision is a material inducement for the parties entering into this Facility. This Dispute Resolution Provision concerns the resolution of any controversies or claims between the parties that arise out of or relate to:

- (A) this Facility (including any renewals, extensions or modifications of this Facility), the Ordinance or any document, agreement or procedure related to or delivered in connection with this Facility,
- (B) any default under this Facility, or
- (C) any claims for damages resulting from any business conducted between the City and the Bank relating to this Facility, including claims for injury to persons, property or business interest (torts).

17.2 For the purposes of this Dispute Resolution Provision only, the term “parties” shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Facility.

17.3 At the request of any party to this Facility, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the “Act”). The Act will apply even though this Facility provides that it is governed by the law of the State of Oregon.

17.4 Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof (“AAA”), and the terms of this Dispute Resolution Provision. In the event of any inconsistency, the terms of this Dispute Resolution Provision shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce

any provision of this arbitration clause, the Bank may designate another arbitration organization with similar procedures to serve as the provider of arbitration.

17.5 The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in the State of Oregon. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars (\$5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and have judgment entered and enforced.

17.6 The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of any statutes of limitation, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s), except as set forth at subsection (h) of this Dispute Resolution Provision. The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Facility.

17.7 This Section does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

17.8 The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

17.9 Any arbitration or trial by a judge of any Claim will take place on an individual basis without resort to any form of class or representative action (the "Class Action Waiver"). Regardless of anything else in this Dispute Resolution Provision, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. The parties to this Facility acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is nonseverable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then the parties' agreement to arbitrate shall be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. The Parties acknowledge and agree that under no circumstances will a class action be arbitrated.

17.10 By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this Facility to arbitrate, to the extent any Claim is not arbitrated, the parties

irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This waiver of jury trial shall remain in effect even if the Class Action Waiver is limited, voided or found unenforceable. WHETHER THE CLAIM IS DECIDED BY ARBITRATION OR BY TRIAL BY A JUDGE, THE PARTIES AGREE AND UNDERSTAND THAT THE EFFECT OF THIS FACILITY IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.

18. Assignment.

The Bank may not assign its rights under this Facility without the prior, written consent of the City.

19. Notices.

Any notices required to be given pursuant to this Facility shall be given to the following addresses:

City:	City of Portland City Hall, Room 120 1221 SW Fourth Avenue Portland, Oregon 97204 Attention: Debt Manager
Bank:	Bank of America, N.A. Government Banking (OR1-129-17-15) 121 S.W. Morrison Street, Suite 1700 Portland, Oregon 97204-3117

20. Survival; Facility Constitutes Contract.

All representations, warranties and agreements contained in this Facility shall survive the execution, delivery and payment of this Facility. This Facility shall constitute a contract between the City and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.

21. Applicable Law.

This Facility shall be governed and interpreted in accordance with the laws of the State of Oregon.

22. Severability and Waivers.

If any part of this Facility is not enforceable, the rest of this Facility may be enforced. The Bank retains all rights under this Facility, even if it advances funds after an Event of Default. If the Bank waives an Event of Default, it may enforce a later Event of Default. Any consent or waiver under this Facility must be in writing.

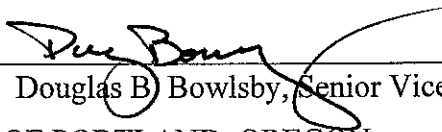
23. Counterparts.

This Facility may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

Under Oregon law, most agreements, promises and commitments made by the Bank 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 us to be enforceable.

DATED as of this 31st day of March, 2010.

BANK OF AMERICA, N.A.

By: 
Douglas B. Bowsby, Senior Vice President
CITY OF PORTLAND, OREGON

By: 
Eric H. Johansen, Debt Manager

EXHIBIT A
CITY OF PORTLAND, OREGON
TAXABLE NON-REVOLVING CREDIT FACILITY (SEWER SYSTEM INTERIM FINANCING)
RATE CERTIFICATE NO. ____

DATE: _____

TO: Bank of America, N.A.

This rate certificate is filed with Bank of America, N.A. pursuant to the Non-Revolving Credit Facility (Sewer System Interim Financing) between the City of Portland, Oregon (the "City") and Bank of America, N.A., which is dated as of March 31, 2010 (the "Facility"). Capitalized terms used in this certificate have the meanings defined for such terms in the Facility.

On behalf of the City, I hereby certify that:

1. I am the Debt Manager as defined in the Facility, and I am authorized pursuant to the Facility to make the representations on behalf of the City set forth herein.
2. The City requests that \$ _____ bear interest at (check one of the following):
 the Floating Rate Option, or
 the Fixed Rate Option.
3. If the Fixed Rate Option is indicated above, the Rate Period shall begin (check one):
 At the end of the current Rate Period, or
 On _____.
4. If the Fixed Rate Option is indicated above, the Rate Period shall be:
_____ [insert 1 to 3 months].
5. All material representations of the City in the Facility were true and correct when made, and remain true and correct on this date.
6. The City is not in breach of any promise or covenant in the Facility.

CITY OF PORTLAND, OREGON

By: _____
Debt Manager