



January 26, 2010

Patti Tigue  
Principal Debt Analyst  
City of Portland  
Public Finance and Treasury Division  
1221 S.W. Fourth Avenue, Room 120  
Portland, Oregon 97204

Re: Response to RFP: \$12,000,000.00 Non-Revolving Line of Credit for  
PGE Park renovations to accommodate Major League Soccer

Dear Patti:

On behalf of Wells Fargo Bank National Association ("Bank"), I am pleased to offer the following non-binding summary term sheet to the City of Portland (the "City"). This summary term sheet does not constitute a commitment on the part of Bank to provide the financing described herein.

**Type:** Non-Revolving Line of Credit with taxable draws, and no tax-exempt draws.

**Purpose:** Provide interim financing for costs related to the City's renovations to PGE Park to accommodate Major League Soccer.

**Amount:** \$12,000,000.00.

**Subject To:** City to provide Bank general project plans prior to funding and statement of completion, signed by the City, upon the completion of improvements.

**Maturity Date:** February 1, 2013 or February 1, 2015, at the option of the City.

**Min. Borrowing** Each LIBOR Advance will be at least \$100,000.00. Pricing is the same for single draw at closing or draws over 18 months.

**Interest Rate:** **A. Taxable Rate for any Draw Under a Line of Credit with a Maturity Date of February 1, 2013:**  
  
Base rate, defined as a variable rate per annum equal to Bank's 30-day LIBOR (as defined by Bank and reserve

adjusted), reset daily as in effect from time to time, plus 1.15%.

or

A fixed rate per annum for a fixed rate term of 1, 3 or 6 months, as designated by the City, based on Bank's LIBOR (as defined by Bank and reserve adjusted) at the start of each such fixed rate term plus 1.15%.

In no event shall the rate on any Advance under the February 1, 2013 Line of Credit be less than 1.35%.

**B. Taxable Rate for any Draw Under a Line of Credit with a Maturity Date of February 1, 2015:**

Base rate, defined as a variable rate per annum equal to Bank's 30-day LIBOR (as defined by Bank and reserve adjusted), reset daily as in effect from time to time, plus 1.60%.

or

A fixed rate per annum for a fixed rate term of 1, 3 or 6 months, as designated by the City, based on Bank's LIBOR (as defined by Bank and reserve adjusted) at the start of each such fixed rate term plus 1.60%.

In no event shall the rate on any Advance under the February 1, 2015 Line of Credit be less than 1.75%.

**Interest Payments:**

Interest will be paid semi-annually and at maturity from, but not limited to, the City's Spectator Fund. Accrued interest and fees may be charged to the line of credit.

Upon the occurrence of any Event of Default, each draw under the Line of Credit shall thereafter accrue interest at a rate equal to 4% above the rate otherwise applicable to such draw (the "**Default Interest Rate**").

**Downgrade Pricing:**

The above pricing is subject to the maintenance of the current credit ratings assigned to the long term, unenhanced

debt of the City that is secured on parity with, or senior to, the Line of Credit ("Parity Debt"). Upon the downgrade to the indicated credit rating of any Parity Debt below its current rating of **Aaa** by Moody's or equivalent, the Applicable Margin (which shall be defined to mean the margin above the Base Rate or the Bank's LIBOR at the time the draw was made, or will be made, under the Line of Credit) of each draw under the Line of Credit will be increased by the following number of basis points:

Credit Rating (Moody's) Downgraded to	Applicable Margin
Aa2	+10bps
A1	+20bps
A3	+40bps

In the event of a split rating, the lower rating will prevail. The adjustment to the Applicable Margin shall be deemed to be effective as of the close of business on the effective date of the downgrading, regardless of when the Bank learns of the downgrading.

If, however, one or more of the underlying ratings are withdrawn or suspended, or if any rating on Parity Debt falls below A3, or if an Event of Default occurs, the interest rate on all draws under the Line of Credit shall automatically increase, effective as of the date of such event, to the Default Interest Rate.

**Computation Basis:** All computations of interest shall be on the basis of a year of 360 days for the actual number of days elapsed.

**Fees/Expenses:** Legal fees not to exceed \$5,000.00, assuming City's counsel presents the initial document draft and no extensive negotiation over the wording or appropriate documentation. Fees may be paid from loan proceeds. **No origination fee. No loan fee or annual facility fee.**

**Increased Costs Or**

**Reduced Returns:** City will compensate Bank if certain changes in circumstances result in increased costs or reduced returns such as tax, reserve, special deposit, insurance or capital adequacy requirements. All payments by City will be made free and clear of present and future taxes, withholding or deductions, except for Bank's net income taxes.

**Clawback:** Bank will require the inclusion of a customary clawback provision as protection against the possibility of the interest rate payable on advances exceeding the maximum permissible rate thereof.

**Prepayments:** An advance under the LIBOR Advance options may be prepaid in minimum amounts of \$100,000.00 and is subject to the Bank's standard prepayment fee clause. A LIBOR Advance may be repaid at its interest rate maturity without prepayment fees.

The City may terminate and prepay the loan prior to its expiration without penalty, subject to the LIBOR prepayment conditions noted above.

Mandatory prepayment in full (subject to prepayment conditions) of the loan shall be required from all proceeds of any short-term or long-term financing which the City issues for the specific purpose of repaying the Bank loan.

**Security:** The City's obligations under the loan documents shall be secured by (a) a pledge of the City's full faith and credit and Available General Funds of the City and (b) the proceeds of the long-term limited tax revenue bonds issued by the City to repay the advances made under the Line of Credit.

**Term Sheet:** The terms and conditions in this non-binding summary term sheet shall no longer be current after February 5, 2010. In the event that the City and Bank decide to move forward with the transaction contemplated hereby, the transaction shall be fully documented and close by March 1, 2010.

**Documentation and Conditions Required:** Credit Agreement, Promissory Note, Security Agreement, Borrowing Certificate, Certificate of Incumbency, and other documents reasonably requested by, and acceptable to, Bank.

Legal opinion in form and substance satisfactory to Bank, addressing standard opinion matters for transactions of this type, including that the City's obligations under the loan documents have been duly authorized and represent a valid, binding, and enforceable obligation of the City.

Other documentation as appropriate.

The credit facility shall comply with any federal or state laws or regulations which now exist, or which may subsequently be imposed.

**Representations and Warranties:**

As customary for transactions of this type, including the following: proper status and authority; loan documents valid, binding and enforceable against City; loan documents not violating laws or existing agreements or requiring governmental, regulatory or other approvals; payment of taxes; no litigation that may have a material adverse effect; compliance with ERISA, environmental and other laws and regulations; no adverse agreements, existing defaults or non-permitted liens; financial statements true and correct.

**Financial/Other Covenants:**

Notify Bank within 10 business days after any rating agency downgrades an existing or proposed bond issue of the City, or any of its agencies, or withdraws or suspends any such rating.

Notify Bank of the occurrence of any Event of Default.

Notify Bank of any litigation or threatened litigation affecting revenues available for repayment of the loan.

Notify Bank of additional indebtedness secured by Spectator Fund revenue.

Other covenants, terms and conditions as usual and customary for transactions of this type.

**Financial Reporting:**

Not later than 240 calendar days after fiscal year end, City's audited financial statements with unqualified opinion, and not

later than 30 calendar days after availability to City, copies of City's budgets, accompanied by a certification by the Debt Manager to the effect that the budget was adopted in full compliance with all applicable federal, state, and municipal laws, regulations and ordinances, and that the budget includes sufficient funds or borrowing authority for the establishment and timely repayment of the loan commitment.

As soon as available, copies of all prospectuses, official statements, offering memoranda or other information furnished by or on behalf of the City in connection with any refunding or other take-out of this loan commitment.

Such other information as Bank may reasonably request from time to time.

**Events of Default:**

Including but not limited to the following: failure to make any payments when due; breach of any representation or warranty; breach of any covenant continuing beyond cure period, if any; default under any other loan or financial obligation; bankruptcy or insolvency event; unpaid judgment; adverse ERISA event; material adverse change; invalidity of any of the documents, drop in the City's unenhanced debt rating below "A3" (Moody's or equivalent) on unlimited tax general obligation bonds (or withdrawal or suspension of such rating).

**Remedies:**

Upon the occurrence of any Event of Default, Bank shall have the right to:

- (i) Acceleration. Declare the outstanding principal balance of all obligations of the City to Bank, to be immediately due and payable in full; and/or
- (ii) Other Remedies. Exercise all other rights and remedies provided by law or contract.

**Certification:**

Wells Fargo Bank National Association is certified as an EEO Affirmative Actions Employer with the City of Portland. Wells Fargo Bank National Association is an FDIC-insured financial institution with total assets in excess of \$500 million.

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**UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY US 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 US TO BE ENFORCEABLE.**

This summary term sheet is not a commitment. It represents a willingness on the part of Bank to seek credit approval to provide the commitment indicated herein and for Bank to consummate a transaction based upon the terms and conditions outlined in this summary term sheet. Further, any commitment on the part of Bank is subject to negotiation and execution of documentation acceptable in form and substance to Bank and its counsel.

Sincerely,



Julie Wilson  
Vice President

Accepted this \_\_\_\_\_ date of \_\_\_\_\_, 2010:  
City of Portland

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