

ATTACH

184775

LOAN AGREEMENT

Introduction

Under Ordinance #183280, the City of Portland loaned the Oregon Rail Heritage Foundation (“ORHF”), a tax-exempt non-profit corporation, \$978,598 to purchase Site 1 under a Memo of Understanding between ORHF, the City of Portland and TriMet. The purchase of Site 1 was with Union Pacific and took place on November 23, 2009. Under this existing loan agreement, ORHF was to make the following payments:

May 23, 2010	\$14,678.97
November 23, 2010	\$14,678.97
May 23, 2011	\$14,678.97
November 23, 2011	\$14,678.97

Upon termination of agreement (not-to-exceed February 1, 2012), full payment due: \$978,598, less any adjustments and payments made before termination.

As of the date of this revised Loan Agreement, ORHF has made all scheduled payments. ORHF has requested that the City restructure the existing loan agreement which was funded with Park System Development Charges.

Revised Loan Agreement

Under this revised Loan Agreement, ORHF promises to pay to the order of City of Portland (the “City”), a municipal corporation, at 1120 SW Fifth Ave, Suite 1302, Portland, OR 97204-1933, the principal sum not to exceed \$1,000,000, together with all interest accrued thereon as indicated in “Attachment A – Schedule of Payments”. The revised loan shall require ORHF to make loan repayments that are expected to be sufficient to repay a line of credit the City expects to obtain to replenish the Parks System Development Charge fund. If the City obtains that line of credit, then the City shall amend the amounts of the scheduled payments on Attachment A to ensure that ORHF’s payments hereunder are sufficient to fully repay the line of credit and the City’s costs in obtaining the same. Any fees or charges related to the line of credit that are above the amounts estimated in Attachment A will be added to the revised loan amount. The City will promptly provide ORHF, in writing, with the revised Attachment A. If the City does not obtain a line of credit, ORHF will pay the amounts in Attachment A to this Agreement, in accordance with the schedule set out therein.

This agreement shall terminate upon payment in full, but no later than September 30, 2016, and the City’s rights on default shall survive the termination date of this agreement. Any extension shall be mutually agreed upon by both parties and shall be in writing. Payment terms described in this agreement may be amended solely by the City in any written extension of the term of this agreement.

There shall be no pre-payment penalty if any or all of the amounts indicated in Attachment A are paid to the City prior their scheduled payment dates.

Security for the Loan

If any scheduled payment on the loan is not paid to the City as indicated in Attachment A, all principal and interest is to become immediately due and collectible at the option of the City; if ORHF does not have the financial capability to repay the City in cash at the time such payment is requested, the City may, at its sole option, terminate the Management Agreement for the steam locomotives dated October 28, 2009, between the City and ORHF and demand ORHF to transfer property or other ORHF assets to the City, including, but not limited to, building assets and tracks owned by ORHF.

ORHF will be obligated to comply with the City's demand, and notwithstanding any other provision of this agreement, including but not limited to termination, the City may specifically enforce this obligation. The intent of both parties, and of this agreement, is to ensure full payment of any loan interest and principal is made to the City by ORHF. If this loan is placed in the hands of an attorney for collection, ORHF promises and agrees to pay the City's reasonable attorneys' fees and collection costs, whether or not suit or action is filed hereon; however, if suit or action is filed, the amount of such reasonable attorneys' fees shall be fixed by court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

Other Terms

The loan agreement granted herein is contractual only, with no property rights, except for a security interest in ORHF's property described herein, being conveyed hereunder to the City. The City shall have no liability to ORHF for any past or future costs or liabilities associated with the design and construction of any building or property purchased with these funds.

City of Portland, Oregon

Oregon Rail Heritage Foundation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM

Approved as to Form

Amela Mergo
CITY ATTORNEY

[Deputy] City Attorney

Attachment A
Schedule of Payments

The following Schedule of Payments is for illustrative purposes ONLY. It is based upon a \$1 million loan with a 5% interest rate over five years. The actual loan amount and interest rate will be used when determined.

Schedule of Payments (indicative, as of July 1, 2011) – Illustrative Purposes ONLY

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1, 2012	--	\$25,000	\$25,000
September 1, 2012	--	25,000	25,000
March 1, 2013	--	25,000	25,000
September 1, 2013	\$355,000	25,000	380,000
March 1, 2014	--	16,125	16,125
September 1, 2014	220,000	16,125	236,125
March 1, 2015	--	10,625	10,625
September 1, 2015	215,000	10,625	225,625
March 1, 2016	--	5,250	5,250
September 1, 2016	<u>210,000</u>	<u>5,250</u>	<u>220,500</u>
TOTAL	\$1,000,000	\$164,000	\$1,164,000