

REVENUE STREAM GUARANTY

THIS REVENUE STREAM GUARANTY (this "Guaranty") is made this ___ day of _____, 2010 by HENRY MERRITT PAULSON, JR., an individual, and HENRY MERRITT PAULSON, III, an individual, (each, a "Guarantor" and collectively, the "Guarantors"), to and for the benefit of the City of Portland, Oregon, a municipal corporation of the State of Oregon (the "City").

RECITALS:

WHEREAS, the City and Peregrine Sports, LLC ("Peregrine"), entered into that certain Redevelopment Agreement, dated as of the date hereof, pursuant to which Peregrine and the City will share the costs of renovating PGE Park (the "Stadium") to make it consistent with the requirements of Major League Soccer ("MLS");

WHEREAS, the City and Peregrine entered into that certain Operating Agreement, dated as of the date hereof, pursuant to which Peregrine will have the exclusive right and obligation to operate the Stadium for 25 years commencing on January 1, 2011 (the "Operations Term"), and, for each of the first seven years of the Operations Term, to make annual payments to the City (as shown on Exhibit A attached hereto, the "Annual Payments") and to pay into the City's Spectator Facilities Fund a ticket surcharge ("User Fee") of 7% of the applicable ticket price for events at the Stadium;

WHEREAS, Peregrine has further agreed pursuant to the Operating Agreement that, if in any of the first seven years of the Operations Term, the projected User Fee (as shown on Exhibit A as "Projected PGE Park User Fees", the "Projected User Fee") exceeds the User Fee actually collected for such year, then Peregrine shall pay to the City an amount (the "Guaranteed User Fee Amount") equal to the difference between the Projected User Fee and the User Fee actually collected;

WHEREAS, Peregrine has further agreed pursuant to the Redevelopment Agreement that, if MLS has not awarded the Team (as defined in the Redevelopment Agreement) to Peregrine on or before the Closing Date (as defined in the Redevelopment Agreement), then Peregrine must have obtained the award of the Team from MLS no later than January 31, 2011;

WHEREAS, as an inducement to the City to enter into the Redevelopment Agreement and the Operating Agreement, the Guarantors have agreed to guarantee the performance of Peregrine's obligation to pay to the City the Annual Payments during the first seven operating years of the Stadium;

WHEREAS, as an inducement to the City to enter into the Redevelopment Agreement and the Operating Agreement, the Guarantors have agreed to guarantee the performance of Peregrine's obligation to pay the Guaranteed User Fee Amount to the City during the first seven operating years of the Stadium;

WHEREAS, as an inducement to the City to enter into the Redevelopment Agreement and the Operating Agreement, the Guarantors have agreed to guarantee the payment to the City

of amounts due and owing under Section 26.2.3.1 of the Redevelopment Agreement for Peregrine's failure to have obtained the award of the Team on or before January 31, 2011;

WHEREAS, this Guaranty plays an integral part in causing and promoting significant economic consequences in Oregon, namely the redevelopment of the Stadium; and

WHEREAS, it is in the best interests of the Guarantors to execute this Guaranty inasmuch as the Guarantors will derive substantial direct and indirect benefits from the Operating Agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises and other good and valuable consideration, and for the purpose of inducing the City to enter into the Redevelopment Agreement and the Operating Agreement, the Guarantors hereby covenant and agree as follows:

1. The Guarantors hereby unconditionally, irrevocably and absolutely guarantee to the City the full and prompt payment when due (a) for each of the first seven years of the Operations Term of (i) Annual Payments and (ii) any Guaranteed User Fee Amounts, both of which Peregrine is obligated to pay under, pursuant to or in connection with the Operating Agreement, and (b) any and all amounts due to the City from Peregrine pursuant to Section 26.2.3.1 of the Redevelopment Agreement (collectively, the "Payment Obligations"), until each and all of the Payment Obligations have been fully and finally paid and/or satisfied. The Guarantors' acknowledge and agree that Peregrine's obligation to promptly pay the Payment Obligations to the City remains in full force and effect even if (x) the Operating Agreement expires or is terminated prior to the end of the seventh year of the Operations Term for any reason other than a City Event of Default (as defined in the Operating Agreement) thereunder or (y) the Redevelopment Agreement is terminated pursuant to Section 26.2.3.2 thereof. Notwithstanding the foregoing, if the Guarantors are required to make payments under clause (b) of the first sentence of this Section 1 and make all such payments, or if payment of amounts owing under Section 26.2.3.1 of the Redevelopment Agreement are paid in full by Peregrine, then the obligation of the Guarantors to pay Annual Payments and Guaranteed User Fee Amounts for each of the first seven years of the Operations Terms shall terminate and be of no further force or effect.

2. The Guarantors hereby waive: (a) notice of acceptance by the City of this Guaranty; (b) notice of any waiver, postponement, release or termination of the Payment Obligations; (c) notice of the reliance of the City upon this Guaranty; (d) notice of the occurrence, existence or continuance of any event of default, default, or failure of payment or performance under the Operating Agreement; (e) demand for payment, diligence, presentment, filing of claims with a court in the event of receivership or bankruptcy of Peregrine, protest or notice with respect to the Payment Obligations, and all demands whatsoever; and (f) any other notice, demand, protest or formality which would be otherwise legally required to charge the Guarantors with liability hereunder; and the Guarantors covenant and agree that this Guaranty will not be discharged, except by complete payment and performance of the Payment Obligations.

3. The Guarantors hereby assent, without the requirement or condition that notice of any kind or nature be given to the Guarantors on account thereof, to: (a) any waiver, postponement, release or termination of the Payment Obligations; (b) any lack of diligence in collection, any failure to resort to or exhaust other rights, powers or remedies, or any other waiver or failure of any type on the part of the City to enforce the Payment Obligations; (c) the acceptance by the City of (i) any prepayments or partial payments of the Payment Obligations and (ii) any payment in full satisfaction of less than all of the amount of the Payment Obligations; and (d) any other action or failure to act on the part of the City in respect to the enforcement or collection of the Payment Obligations.

4. This Guaranty and the liability of the Guarantors hereunder is and shall be an absolute, unconditional, irrevocable and immediate guaranty of payment when due and performance, and not a guarantee of collection, and shall remain in full force and effect at all times and in all respects and shall terminate only upon the full and complete performance of the Payment Obligations even if the Operating Agreement is temporarily suspended, expires or is terminated prior to the end of the seventh year of the Operations Term for any reason other than a City Event of Default thereunder. This Guaranty and the liability of the Guarantors hereunder shall not be subject to or contingent upon (a) the genuineness, validity, regularity or enforceability of the Operating Agreement or (b) any law, ordinance, rule, regulation, writ, order or decree now or hereafter in effect which might in any manner affect the Payment Obligations or any rights, powers or remedies of the City in respect thereof, or cause or permit to be invoked any alteration of time, amount or manner of payment of any of the Payment Obligations. Further, this Guaranty shall not be deemed discharged, impaired or affected by (v) any assignment by Peregrine of its interest in the Operating Agreement, (w) the existence or non-existence of Peregrine as a legal entity, (x) Peregrine's failure to complete the renovations to the Stadium as contemplated by the Redevelopment Agreement, (y) the failure of MLS, or (z) any material change or modification to the Redevelopment Agreement or Operating Agreement, including changes that materially increase the Guarantors' risk, regardless of whether the Guarantors are considered to be "compensated" or "uncompensated" Guarantors under Oregon law, provided the change or modification was agreed to by Peregrine or any of its successors-in-interest.

5. The covenants, agreements and obligations of the Guarantors under, and the rights, powers and remedies of the City for the enforcement of, this Guaranty shall not be affected, impaired, modified, changed, diminished, released, or limited in any manner whatsoever by reason of any impairment, modification, change, diminution, release or limitation of any and all of the obligations of, or of any right, power or remedy for the enforcement thereof against, Peregrine in bankruptcy, insolvency or reorganization resulting from the operation of any present or future provision of the Federal Bankruptcy Act, or of any state bankruptcy or insolvency statutes, or from the decision of any court, or otherwise.

6. The City shall have the right to pursue its rights, powers and remedies under this Guaranty at any time and from time to time against the Guarantors without being obligated or required first to resort to, and/or exercise and pursue, any rights, powers or remedies against Peregrine, to exhaust any such rights, powers or remedies available to the City against Peregrine, to resort to any security or collateral (if any) now or hereafter held by the City in respect of the Payment Obligations, to marshal the assets of Peregrine, or to seek any other rights, powers or

remedies to enforce the payment or collection or the performance and observance of the Payment Obligations; and the City may pursue any and all such rights, powers and remedies at any time(s) or in any order as the City, in its sole discretion, may determine, and the exercise and pursuit of any of such rights, powers and remedies shall not constitute a legal or equitable discharge of the Guarantors. All of the rights, powers and remedies of the City under the Operating Agreement and this Guaranty are intended to be distinct, separate and cumulative, and none of such rights, powers and remedies therein and herein contained is intended to be exclusive of or a waiver of any other right, power or remedy therein or herein contained.

7. No forbearance or delay on the part of the City in exercising any of its rights, powers or remedies under this Guaranty, and no failure, neglect or refusal by the City to exercise the same, shall operate as a waiver of any such rights, powers or remedies; no notice to or demand on the Guarantors shall be deemed to be a waiver of any of the covenants, agreements or obligations of the Guarantors hereunder or of the right of the City to take any action without notice or demand, as provided herein. Except as expressly authorized herein, in no event shall any modification or waiver of the provisions of this Guaranty be effective unless such modification or waiver is in writing and signed by the parties to be charged therewith; and any such modification and waiver shall be a modification and waiver only with respect to the specific matter involved and shall in no way impair the rights of the City in any other respect or at any other time.

8. The Guarantors hereby agree to pay all costs, expenses and charges, including, without limitation, court costs and reasonable attorneys' fees and expenses, which may be incurred or sustained by the City in connection with the enforcement of this Guaranty. The Guarantors also agree to the personal jurisdiction of the Oregon courts in the event any suit, action or proceeding is brought to enforce the terms of the Guaranty.

9. The Guarantors shall be jointly and severally obligated hereunder. This Guaranty is binding upon the respective estates and heirs of each Guarantor.

10. This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Oregon without reference to its conflicts of law provisions. Each provision hereof is intended to be severable. If any clause, phrase, provision or portion of this Guaranty or the application thereof is determined by a court of competent jurisdiction to be invalid or unenforceable under applicable law, the remaining clauses, phrases, provisions and portions of this Guaranty shall not be affected or impaired thereby, but each remaining clause, phrase, provision and portion shall be valid and be enforceable to the fullest extent permitted by law.

11. The Guarantors shall not be subrogated to any of the rights of the City, or its successors and assigns, under the Operating Agreement by reason of any of the provisions of this Guaranty or by reason of the performance by the Guarantors of any of the Guarantors' obligations, agreements and undertakings hereunder, unless and until all Payment Obligations have been satisfied. The Guarantors also waive any right to the discharge of their obligations by surrender or impairment of collateral held by the City, whether now or in the future, as security for Peregrine's obligations under the Operating Agreement, the Redevelopment Agreement or both.

12. The Guarantors agree that the City has not made promises or representations to the Guarantors to obtain the Guarantors' agreement to sign this Guaranty that are not reflected either in this Guaranty, the Redevelopment Agreement or the Operating Agreement. The Guarantors further agree that no failure on the part of the City to disclose facts that Guarantors might believe to be material will operate to discharge their obligations under this Guaranty. Similarly, any promises made by Peregrine to the Guarantors to induce the Guarantors to sign this Guaranty, whether or not subsequently found to be false, will not discharge the Guarantors from their obligations under this Guaranty.

13. All notices, requests, and other communications given under this Guaranty shall be in writing and shall with all postage and delivery charges prepaid by personal delivery, by messenger, by overnight courier service, or by certified or registered U.S. Mail, return receipt requested, addressed as follows:

If to the City:

City of Portland
1221 S.W. Fourth Avenue, 1st Floor
Portland, Oregon 97205
Attn: City Auditor
Fax No.: 503-823-4571
Confirmation No.: 503-823-4078

with copies to:

Office of the City Attorney
City of Portland, Oregon
1221 S.W. Fourth Avenue, 4th Floor
Portland, Oregon 97204
Attn: City Attorney
Fax No.: 503-823-3089
Confirmation No.: 503-823-4047

and to:

Office of Management and Finance
City of Portland, Oregon
1120 S.W. Fifth Avenue, 12th Floor
Portland, Oregon 97204
Attn: CAO
Fax No.: 503-823-5384
Confirmation No.: 503-823-5288

and to:

Ball Janik LLP
One Main Place
101 SW Main Street, Suite 1100
Portland, Oregon 97204
Attn: Steve Janik/Dina Alexander
Fax No.: 503-295-1058
Confirmation No.: 503-228-2525

If to Guarantors:

c/o Robbins & Associates
333 W. Wacker Dr. Suite 830
Chicago, Illinois 60606
Attn: Henry Merritt Paulson, Jr. and/or Henry Merritt Paulson, III
Fax No.: 312-609-1105
Confirmation No.: 312-609-1100

with copies to:

Mayer Brown LLP
71 S. Wacker Drive
Chicago, IL 60606
Attn.: Dan Luther, Esq.
Fax No.: 312-701-7711
Confirmation No.: 312-782-0600

or to such other address as the City or the Guarantors may have furnished to the others by written notice in the manner provided in this Section 12. Any such notice, request, consent, or other communication shall be deemed received on the earlier of actual delivery or refusal of a party to accept delivery thereof. Notices may be sent by counsel for a party to this Guaranty.

13. The Guarantors may not transfer, convey or assign this Guaranty, or any interest therein, without the prior written consent of the City.

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IN WITNESS WHEREOF, the Guarantors has executed and delivered this Guaranty as of the date first above written.

GUARANTORS:

HENRY MERRITT PAULSON, JR.

HENRY MERRITT PAULSON, III

Exhibit A

**Schedule of License Payments and
Minimum City's Share of Ticket Revenues**

Calendar Year	Operating Year	License Payment	Minimum City's Share of Ticket Revenues	Total
2010				
2011	1	\$875,000	\$612,500	\$1,487,500
2012	2	900,000	626,500	1,526,500
2013	3	925,000	640,920	1,565,920
2014	4	950,000	655,772	1,605,772
2015	5	975,000	671,070	1,646,070
2016	6	1,000,000	686,828	1,686,828
2017	7	1,025,000	703,057	1,728,057