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RECORDATION NO. 21646 FILED
DEC 4 - '97 1-23 PM

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RECORDATION NO. 21646 FILED
DEC 4 - '97 1-23 PM

December 4, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Re: Equipment Lot Bombardier 1997A-FH

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Memorandum of Head Lease Agreement, dated May 29, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents, and the following secondary documents related thereto: Memorandum of Lease Agreement, Memorandum of Loan and Security Agreement, Memorandum of Equipment Mortgage, Memorandum of Head Lessor's Lease Mortgage, and Memorandum of Lessor's Security Agreement, all dated May 29, 1997.

The names and addresses of the parties to the enclosed documents are:

Memoranda of Head Lease Agreement, ← Primary
C → Equipment Mortgage and Head Lessor's Lease Mortgage ← D

Head Lessor: Tri-County Metropolitan Transportation District of Oregon
4012 S.E. 17th Avenue
Portland, Oregon 97202

Head Lessee: First Security Bank, N.A.
79 South Main Street
Salt Lake City, Utah 84111

Memoranda of Lease Agreement ← A
and Lessor's Security Agreement ← C

Lessor: First Security Bank, N.A.
79 South Main Street
Salt Lake City, Utah 84111

Lessee: Tri-County Metropolitan Transportation District of Oregon
4012 S.E. 17th Avenue
Portland, Oregon 97202

B → Memorandum of Loan and Security Agreement

Trustee: First Security Bank, N.A.
79 South Main Street
Salt Lake City, Utah 84111

Lender: AIG Financial Products (Jersey) Limited
100 Nyala Farm
Westport, Connecticut 06880

A description of the railroad equipment covered by the enclosed documents is set forth on Exhibit A attached hereto.

Also enclosed is a check in the amount of $144.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

DESCRIPTION OF EQUIPMENT

BOMBARDIER 1997A-FH

Identification Numbers	Equipment Description
101	Bombardier light rail vehicle
102	Bombardier light rail vehicle
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RECORDATION NO. 21046-B FILED

DEC 4 - '97 1-23 PM

MEMORANDUM OF LOAN AND SECURITY AGREEMENT
(Equipment Lot Bombardier 1997A-FH)

Memorandum of Loan and Security Agreement (Equipment Lot Bombardier 1997A-FH), dated as of May 29, 1997, by and between FIRST SECURITY BANK, N.A., a national banking association, not in its individual capacity but solely as the Trustee ("Trustee"), and AIG FINANCIAL PRODUCTS (JERSEY) LIMITED, a corporation organized under the laws of Jersey, Channel Islands, as Lender ("Lender").

W I T N E S S E T H:

The parties hereto are entering into that certain Loan and Security Agreement (Equipment Lot Bombardier 1997A-FH), dated as of May 29, 1997 (the "Loan Agreement"), where Trustee agrees to grant to Lender as security for Trustee's performance of its obligations described in said Loan Agreement a first priority security interest in, mortgage lien on, and pledge of, all of the Trustee's right, title and interest in, to and under the collateral listed on Exhibit A attached hereto.

This Memorandum may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

FIRST SECURITY BANK, N.A., not in its individual capacity but solely as the Trustee

By: _____
Name: Janeen R. Higgs
Title: Asst. Trust Officer

AIG FINANCIAL PRODUCTS (JERSEY) LIMITED, as Lender

By: _____
Name: JoAnn Palazzo
Title: MANAGING DIRECTOR

STATE OF New York)
) SS
COUNTY OF New York)

On this 30 day of May, before me personally appeared Janeen R. Higgs, to me personally known, who being by me duly sworn, said that she/he is a Asst. Trust Officer of FIRST SECURITY BANK, N.A., that said instrument was signed on such date on behalf of said entity on such day by authority of its Board of Directors, and she/he acknowledged that the execution of the foregoing instrument was the free act and deed of said entity.

Rosaria Alfonso
Notary Public

[NOTARIAL SEAL]

My commission expires:

ROSARIA ALFONSO
Notary Public, State of New York
No. 01AL5005230
Qualified in New York County
Commission Expires Nov. 30, 1998

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this 30 day of May, before me personally appeared JoAnn Palazzo, to me personally known, who being by me duly sworn, said that she/he is ~~a~~ MANAGING DIRECTOR of AIG FINANCIAL PRODUCTS (JERSEY) LIMITED, that said instrument was signed on such date on behalf of said entity on such day by authority of its Board of Directors, and she/he acknowledged that the execution of the foregoing instrument was the free act and deed of said entity.

Rome Bertolino
Notary Public

[NOTARIAL SEAL]

My commission expires: 11-22-97

ROME BERTOLINO
Notary Public, State of New York
No. 01BE5020611
Qualified in New York County
Commission Expires Nov. 22, 1997

EXHIBIT A
TO
MEMORANDUM OF LOAN AND SECURITY AGREEMENT

DESCRIPTION OF COLLATERAL

BOMBARDIER 1997A-FH

The Memorandum to which this Exhibit A is attached covers the following described property, rights and privileges (such property, rights and privileges described in clauses (A)-(F) below, but excluding Excluded Payments, being hereinafter referred to collectively as the "Collateral"):

(A) all estate, right, title and interest now held or hereafter acquired by the Trustee in and to the Leasehold Interest including, without limitation, the interest granted to the Trustee in the Equipment listed in Annex I hereto pursuant to the Head Lease;

(B) all estate, right, title and interest now held or hereafter acquired by the Trustee in, to and under the Head Lease, the Head Lease Certificate of Acceptance, the Participation Agreement, the Lease, the Lease Certificate of Acceptance, the Assignment of Manufacturer's Warranties, the Equipment Mortgage, the Payment Agreement, any Payment Counterparty Guarantee and the Lessee's Security Agreement (collectively, the "Granting Clause Documents") and the right to receive payment of any and all amounts or other sums payable thereunder or in respect thereof, including without limitation (i) all amounts of Rent payable under the Lease (including, without limitation, all Basic Rent and Supplemental Rent (including, without limitation, Termination Value, Burdensome Buyout Value or Purchase Option Price or any payment computed by reference thereto)), insurance proceeds (including but not limited to proceeds of the insurance required under Section 11 of the Lease) and condemnation, requisition and other awards and payments of any kind for or with respect to the Leasehold Interest or the Equipment Lot (including, without limitation, proceeds and payments received pursuant to exercise of any of the remedies provided in Section 15 of the Lease) and all other amounts or payments of any kind paid or payable by the obligor(s) under the Granting Clause Documents or in respect thereof to the Trustee whether in its capacity as Lessor or otherwise as well as all rights of the Trustee to enforce payment of any such amounts or payments, (ii) all rights of the Trustee with respect to or arising out of the Lease to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval or to take any other action under or in respect of the Granting

Clause Documents or to accept any surrender or redelivery of any of the Equipment Lot or any part thereof, as well as all rights, powers and remedies of the Trustee whether acting under any Granting Clause Document or by statute or at law or in equity, or otherwise, arising out of any Lease Event of Default and (iii) any right to restitution from the Lessee or a Transferee's Guarantor, if any, in respect of any determination of invalidity of any Granting Clause Document;

(C) all moneys and securities relating to or arising out of the Lease and any other Operative Documents or the Granting Clause Documents that are now or hereafter required to be paid to, or deposited with, the Lender by or for the account of the Trustee pursuant to the terms of any Operative Document;

(D) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of the Loan Agreement;

(E) all other property of every kind and description and interests therein now held or hereafter acquired by the Trustee pursuant to any term of any Granting Clause Document (including, without limitation, the Lease) wherever located and subjected to the Lien of the Loan Agreement by a supplement thereto, and any and all property or interest in property described or referred to in the Granting Clause of the Loan Agreement (other than Excluded Payments) which is hereafter acquired by the Trustee; and

(F) all proceeds of the foregoing of whatever kind or nature, including without limitation all claims against third parties for destruction, loss or damage to any of the foregoing or otherwise.

BUT EXCLUDING, HOWEVER, from the Collateral all Excluded Payments and any payments or amounts which have been distributed to the Trustee or any other Person in accordance with the provisions of the Loan Agreement, AND SUBJECT TO Sections 2.02, 3.05 and 6.01 of the Loan Agreement and the provisions with respect to Excepted Rights set forth in Section 5.05 of the Loan Agreement.

Capitalized terms used herein shall have the following meanings:

"Acceptable Equity Collateral" means a Letter of Credit, cash collateral or another form of agreement or debt obligation, which cash collateral or other form of agreement or debt obligation shall be satisfactory to the Beneficiaries, in each case (i) providing for the payment by the Obligor of the Equity Portion of each installment of Purchase Option Price (or, if the Lease has been renewed pursuant to Section 19(b) thereof, Renewal Rent) and Basic Rent and (ii) containing provisions satisfactory to the

Beneficiaries, in their respective sole and unfettered discretion, with respect to payments upon early termination of the Lease.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing, provided that in the case of the Lessee, a Person directly or indirectly controlling the Lessee shall include only any Person having control over or the power to direct, and in each case only when and to the extent so exercising such control or power to direct, the policies, operations or other activities of the Lessee (it being understood that neither the Bank nor the Trustee shall be an Affiliate of any Beneficiary and no Beneficiary shall be an Affiliate of either the Bank or the Trustee).

"Assignment of Manufacturer's Warranties" means an Assignment of Manufacturer's Warranties, dated as of the Closing Date, between the Head Lessor and the Head Lessee, in substantially the form of Exhibit D to the Participation Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof.

"Bank" means First Security Bank, N.A., a national banking association, in its individual capacity, and its successors or permitted assigns.

"Basic Lease Commencement Date" means the Closing Date.

"Basic Lease Term" means the period from the Basic Lease Commencement Date to the Basic Lease Termination Date.

"Basic Rent" means the rent allocable to each rental period and payable pursuant to Section 3(b) of the Lease on each Rent Payment Date during the Basic Lease Term thereunder, as the same may be adjusted from time to time pursuant to Section 3(e) of the Lease.

"Beneficiary" means each of First Hawaiian Leasing, Inc., a Hawaii corporation, and Pacific One Bank, an Oregon Banking corporation, and their respective successors and permitted assigns.

"Beneficiary Guarantee" means any guarantee executed by a Beneficiary Guarantor.

"Beneficiary Guarantor" means any guarantor of the obligations of any Beneficiary under the Operative Documents.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banking institutions in Oregon, New York City or the city in which the principal corporate trust office of the Bank is located are authorized or required by law, regulation or executive order to be closed.

"Closing Date" has the meaning set forth in Section 2(b) of the Participation Agreement, as such date may be changed as provided in Section 2(e) thereof.

"Equipment" means all Items of Equipment which collectively are specified as Equipment Lot Bombardier 1997A-FH.

"Equipment Lot" means the Equipment.

"Equipment Mortgage" means the Equipment Mortgage, dated as of the Closing Date, in substantially the form of Exhibit G to the Participation Agreement, between the Head Lessor and the Head Lessee, as such may from time to time be amended, supplemented or otherwise modified.

"Event of Default" or "Lease Event of Default" has the meaning set forth in Section 14 of the Lease.

"Excepted Rights" has the meaning set forth in Section 5.05 of the Loan Agreement.

"Excluded Payments" means:

(i) any payment to which the Trustee, the Bank, any Beneficiary and their respective Affiliates, directors, officers, employees, agents, servants, successors and permitted assigns (collectively, the "Related Obligee Parties") are entitled pursuant to the terms of Section 13, 15, 16 or 17 of the Participation Agreement, Section 15(g) of the Lease, Section 7.01 of the Trust Agreement, any section of the Supplemental Rent Agreement or any section of the LOC Agreement, any other Acceptable Equity Collateral, any "collateral" provided pursuant to Sections 11(a)(iii), 11(n) or 11(s)(ii) of the Participation Agreement or any corresponding payment, or to which the Trustee is entitled under Section 3(c) of the Lease and the right to exercise the remedy provided for in Section 15(g) of the Lease (and the right to declare the Lease to be in default in connection therewith), and all proceeds and interest in respect thereof;

(ii) any insurance proceeds payable under insurance maintained for its own benefit by the Bank or any Beneficiary, respectively;

(iii) any insurance proceeds payable to the Bank or to any Beneficiary or to any related affiliated additional insureds or loss payees (collectively, the "Related Insured Parties"), under any liability insurance maintained by the Lessee pursuant to Section 11 of the Lease or by any other Person which by the terms of such policies are payable directly to a Related Insured Party;

(iv) proceeds of the Purchase Option Price for the Equipment except proceeds of the Debt Portion of the initial installment of the Purchase Option Price for the Equipment payable on the Basic Lease Termination Date as specified in Exhibit D to the Lease; and

(v) the respective rights of the Bank or each Beneficiary (or of the Related Obligee Parties or Related Insured Parties) to the proceeds of the foregoing.

"Head Lease" means the Head Lease Agreement, dated as of the Closing Date, between the Trustee as Head Lessee and Tri-Met as Head Lessor, in substantially the form of Exhibit B to the Participation Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof and of the other Operative Documents.

"Head Lease Certificate of Acceptance" means a Head Lease Certificate of Acceptance dated the Closing Date substantially in the form attached as Exhibit A to the Head Lease.

"Head Lessee" means the Trustee as lessee under the Head Lease and includes any successor to the Head Lessee's Leasehold Interest.

"Head Lessor" means Tri-Met as lessor under the Head Lease.

"Head Lessor's Lease Mortgage" means a Head Lessor's Lease Mortgage, substantially in the form of Exhibit J to the Participation Agreement, between the Head Lessor and the Head Lessee, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

"Item of Equipment" means each Item of Equipment listed on Annex I hereto and, subsequent to the Closing Date, each Item of Equipment (including all the Parts from time to time pertaining thereto) listed on Schedule I to the Head Lease Certificate of Acceptance and the Lease Certificate of Acceptance and each Item of Equipment

substituted for any Item of Equipment (including items of equipment substituted for original Items of Equipment (and any and all Parts relating thereto) pursuant to Section 10 of the Head Lease, Section 10 of the Lease and Section 11(d) of the Participation Agreement), but shall not include items with respect to which the Lease shall previously have terminated pursuant to Section 10 thereof.

"Lease" means the Lease Agreement, dated as of the Closing Date, between the Lessor and the Lessee, in substantially the form of Exhibit A to the Participation Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms thereof and of the other Operative Documents.

"Lease Certificate of Acceptance" means the Certificate of Acceptance, in substantially the form of Exhibit A to the Lease, to be entered into between the Lessor and the Lessee for the purpose of evidencing the lease of the Equipment Lot under and pursuant to the terms of the Lease and to be dated the Closing Date, or, as applicable, any certificate (which shall be similar in form to the Lease Certificate of Acceptance described above) with respect to a replacement Item of Equipment as contemplated in Section 10(a) of the Lease.

"Leasehold Interest" means the interest granted by the Head Lessor to the Trustee in respect of the Equipment pursuant to the Head Lease and, where the context requires, such interest in respect of the applicable Item of Equipment.

"Lessee" means Tri-Met, and its successors and permitted assigns.

"Lessee's Security Agreement" shall be the Lessee's Security Agreement, dated as of the Closing Date, in substantially the form of Exhibit H to the Participation Agreement, between the Trustee and the Lessee, as the same may be amended, supplemented or otherwise modified.

"Lessor" means the Trustee in its trust capacity and its permitted successors and assigns.

"Lessor's Security Agreement" means a Lessor's Security Agreement, dated as of the Closing Date, in substantially the form of Exhibit I to the Participation Agreement, between the Lessor and the Lessee, as the same may be amended, supplemented or otherwise modified.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security interest, preferential arrangement or claim.

"Loan Certificate" means the Loan Certificate or Loan Certificates substantially in the form of Exhibit A to the Loan Agreement, issued in respect of the financing of the Equipment and delivered by the Trustee pursuant to Section 2.01 thereof and from time to time outstanding thereunder, and shall include any Loan Certificate delivered in exchange therefor or in replacement thereof pursuant to the Loan Agreement.

"LOC Agreement" means the Letter of Credit Agreement, dated the Closing Date, in substantially the form of Exhibit K to the Participation Agreement, between the AIG Matched Funding Corp. and the Lessee, as the same may from time to time be amended or modified in compliance with the provisions thereof and of the Participation Agreement.

"Operative Documents" means the Head Lease, the Head Lease Certificate of Acceptance, the Lease, the Lease Certificate of Acceptance, the Participation Agreement, the Trust Agreement, the Loan Agreement, the Loan Certificate, the Assignment of Manufacturer's Warranties, the Equipment Mortgage, the Lessee's Security Agreement, the Lessor's Security Agreement, the Supplemental Rent Agreement, any Beneficiary Guarantee, any Transferee Guaranty, any Head Lessor's Lease Mortgage and each other document required to be delivered pursuant to Sections 3(a)(i-xviii) or Section 4(a)(i-xviii) of the Participation Agreement.

"Participation Agreement" means the Participation Agreement, dated as of May 29, 1997, among Tri-Met, the Lender, the Beneficiaries, the Bank (in its individual capacity as expressly provided therein and as trustee), as such Participation Agreement may from time to time be supplemented, amended or otherwise modified in accordance with the applicable terms thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature, which may from time to time be incorporated or installed in or attached to an Item of Equipment, and all such parts which are at any time removed therefrom so long as title thereto shall remain vested in the Lessor in accordance with Section 8 of the Lease.

"Payment Agreement" means the Payment Agreement, dated as of the Closing Date, among the Payment Counterparty, the Trustee and the Lessee, pursuant to which the Payment Counterparty assumes certain obligations of the Lessee under the Lease.

"Payment Counterparty" means (i) AIG-FP Special Finance (Cayman) Limited and its successors and assigns under the Payment Agreement or (ii) the obligor or issuer of any Acceptable Substitute Credit Protection in effect from time to time.

"Payment Counterparty Guarantee" means any guarantee of the obligations of the Payment Counterparty under the Payment Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Renewal Deferred Rent" has the meaning specified therefor in Section 19(b)(iv)(A)(2) of the Lease.

"Renewal Rent" means the rent payable pursuant to Section 3(b) of the Lease on each Rent Payment Date during the Renewal Lease Term thereunder and the Renewal Deferred Rent payable pursuant to Section 19(b)(iv)(A)(2) of the Lease, as the same may be adjusted from time to time pursuant to Section 3(e) of the Lease.

"Rent" means Basic Rent, Renewal Rent and Supplemental Rent.

"Rent Payment Date" means the Rent Payment Dates specified on Exhibits B and E to the Lease; provided, however, that, if any such date shall not be a Business Day, such Rent Payment Date shall be the Business Day next succeeding such date.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which the Lessee assumes or agrees to pay to the Lessor or any other Person under the Lease, the Participation Agreement, the Supplemental Rent Agreement or any other Operative Document, including, without limitation, payments of Termination Value and amounts calculated with reference thereto, Purchase Option Price, Burdensome Buyout Value, payments by Tri-Met pursuant to Section 15, 16 or 17 of the Participation Agreement and amounts payable pursuant to Section 25 of the Lease.

"Supplemental Rent Agreement" means the Supplemental Rent Agreement, dated as of the Closing Date, between the Lessee and the Beneficiaries, as the same may be amended or modified from time to time in compliance with the provisions thereof.

"Transferee's Guarantor" means the guarantor of the obligations of a Transferee pursuant to a Transferee's Guaranty.

"Transferee's Guaranty" means any guaranty executed by the guarantor of the obligation of a Transferee, substantially in the Form of Exhibit E to the Participation Agreement.

"Tri-Met" means Tri-County Metropolitan Transportation District of Oregon, a municipal corporation created and existing under the laws of the State of Oregon, and any successors (including any Successor Entity) and permitted assignees.

"Trust Agreement" means the Trust Agreement, dated as of May 29, 1997, between the Beneficiaries and the Bank as Trustee (and in its individual capacity to the extent expressly provided therein), as such agreement may from time to time be supplemented, amended or otherwise modified in accordance with the terms thereof and of the Participation Agreement.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned such terms in Appendix A to the Participation Agreement.

ANNEX I
TO
EXHIBIT A
TO
MEMORANDUM OF LOAN AND SECURITY AGREEMENT

DESCRIPTION OF EQUIPMENT

BOMBARDIER 1997A-FH

Identification Numbers	Equipment Description
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