

Stylish Senior Living
at South Waterfront

July 23, 2014

Board of Directors of
The Hospital Facilities Authority of
Multnomah County, Oregon

Dear Members of the Hospital Facilities Authority:

Mirabella South Waterfront, an Oregon nonprofit corporation (the “Borrower”), respectfully requests that The Hospital Facilities Authority of Multnomah County, Oregon (the “Authority”) issue its Revenue Refunding Bonds, Series 2014 (Mirabella Portland) (the “2014 Bonds”), in an aggregate principal amount not to exceed \$95,000,000, in one or more series, the proceeds of which will be used to refinance the Authority’s Variable Rate Demand Revenue Bonds, Series 2008 (Mirabella South Waterfront Project), dated August 1, 2008, the proceeds of which were used to finance the development, construction and equipping of the Borrower’s continuing care retirement facility, Mirabella Portland (the “Community”). The 2008 Bonds are currently in the daily interest rate mode secured by a direct pay letter of credit issued by Lloyd’s Bank (the “2008 Letter of Credit”) which terminates in January 2015.

There is currently outstanding approximately \$89 million of The Hospital Facilities Authority of Multnomah County, Oregon Variable Rate Demand Revenue Bonds, Series 2008 (Mirabella South Waterfront Project) (the “2008 Bonds”). The 2008 Bonds had an original par amount of \$221,645 million and were underwritten and sold to money market and mutual funds. Since the Community opened, more than \$132 million of the original debt has been repaid. Final maturity of the Series 2014 Bonds will be extended from October 2047 to October 2049.

- **Structure** It is anticipated that the 2014 Bonds will be (i) underwritten by Cain Brothers (ii) distributed to institutional bond funds (iii) issued in one or more series (iv) issued as Multi-modal Tax-exempt Bonds, (v) issued with final maturity of 2049 (35 years), (vi) issued as fixed rate bonds with semi-annual interest and annual principal payments, and (vii) issued in a principal amount not to exceed \$95,000,000.

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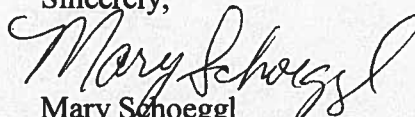
- **Finance Team.** We recommend Cain Brothers & Company, LLC as underwriter for the 2014 Bonds. Cain Brothers has worked with the management team of Mirabella Portland on the previous Series 2008 issue, and we anticipate that they will provide continuity to the financing. Doug Goe and Greg Blonde of Orrick, Herrington & Sutcliffe LLP will serve as Bond Counsel and as Special Counsel to the Authority.
- **Timetable.** The proposed sale date and closing date for the Bonds is scheduled for September 24, 2014. We are hopeful that the application process will enable us to remain on this schedule.

We have included the following documents in our application:

- Financial statements:
 - Independent Auditors' Report and Financial Statements for the years ended September 30, 2013 and 2012;
 - Independent Auditors' Report and Financial Statements for the years ended September 30, 2012 and 2011; and
 - Unaudited Financial Statements for the eight month period ended May 31, 2014;
- Preliminary financing schedule;
- Distribution list of financing participants;
- Preliminary schedule of sources and uses of funds and proposed debt service schedule; and
- Status Report of Mirabella Portland and proposed refinancing.

We are hopeful that you can assist Mirabella Portland on this important transaction which will establish a favorable and stable capital structure for the Borrower. If you have any questions, please call me at (541) 857-7610.

Sincerely,


Mary Schoegg
Chief Financial Officer

Enclosures