



# Terwilliger Plaza



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May 18, 2006

Board of Directors  
The Hospital Facilities Authority  
of Multnomah County, Oregon  
c/o Mr. David A. Boyer  
Director, County Management/CFO  
501 S.E. Hawthorne Blvd.  
Portland, Oregon 97214

Honorable Board of Directors:

Terwilliger Plaza, Inc., an Oregon nonprofit corporation ("Terwilliger Plaza"), hereby requests that The Hospital Facilities Authority of Multnomah County, Oregon (the "Authority") issue non-recourse, senior living revenue bonds for and on behalf of Terwilliger Plaza in an aggregate principal amount not exceeding \$40,000,000. The proposed bonds may be issued in one or more series and in any combination of tax-exempt fixed rate bonds, tax-exempt Extendable Rate Adjustable Securities<sup>SM</sup> or tax-exempt and taxable variable rate demand bonds (collectively, the "Bonds").

- **Background.** Terwilliger Plaza opened in Portland, Oregon in 1962 and is currently comprised of 204 independent living apartments and 65 health care apartments that includes some higher acuity assisted living beds in which the frailest residents are housed. Terwilliger Plaza does not have a skilled nursing unit. Terwilliger Plaza offers a wide spectrum of services and care for eligible persons over 62 years of age who currently occupy an apartment at Terwilliger Plaza as their primary residence. Terwilliger Plaza provides senior housing and services, specially designed to meet the physical, social and psychological needs of its residents.

The Board of Directors of Terwilliger Plaza consists of a number of residents, as well as community leaders with diverse professional backgrounds. The Board is very committed to the project and will continue to be actively involved in all phases of the project.

- **Project.** In order to maintain market competitiveness, Terwilliger Plaza proposes to (i) construct, furnish and equip a 10 story building with approximately 48 additional independent living units, additional parking and an aquatic and expanded wellness center that will be connected to the existing building via a skybridge; (ii) finance capital improvements to the existing facility; (iii) finance capitalized interest on the Bonds; (iv) fund a debt service reserve account; and (v) pay certain costs of issuance of the Bonds, including, if applicable, letter of credit fees (collectively, the "Project").



- **Structure.** The Bonds will be issued in one or more series in any combination of tax-exempt fixed rate bonds, tax-exempt Extendable Rate Adjustable Securities<sup>SM</sup> or tax-exempt and taxable variable rate demand bonds. A portion of the Bonds will be secured by a letter of credit to be issued by Bank of America, N.A. (the "Letter of Credit"). Based on the Letter of Credit, the portion of the Bonds backed by the Letter of Credit will be rated not less than "A" by one or more of the nationally recognized bond rating agencies. Additionally, Terwilliger Plaza may enter into an interest rate swap agreement in connection with a portion of the Bonds.
- **Finance Team.** We propose that Ziegler Capital Markets Group, a division of B.C. Ziegler and Company serve as Underwriter for the Bonds. Ziegler Capital Markets Group has worked with other continuing care retirement communities in the Portland metropolitan area and has broad national experience in health care financings. In addition, we recommend Orrick, Herrington & Sutcliffe LLP to serve as bond counsel and special counsel to the Authority and U.S. Bank National Association to serve as trustee, paying agent and registrar for the Bonds.
- **Timetable.** The proposed tentative sale dates for this financing are July 10, 2006 for the fixed rate bonds and July 24, 2006 for the variable rate bonds with closing on or about July 26, 2006. We are hopeful that the application process will enable us to remain on this schedule.

We have included in this packet for your review the following: (i) a copy of Terwilliger Plaza's Independent Auditors' Report and Financial Statements for the years ended December 31, 2005 and 2004; (ii) a Preliminary Financing Calendar of Events; (iii) a Distribution List; and (iv) a preliminary schedule of sources and uses of funds and proposed bond debt service schedule.

Thank you for your consideration. If you have any questions, please feel free to call me at (503) 299-4244.

Sincerely,



Dee Sellner  
President and Chief Executive Officer

Enclosures

cc: Dave Boyer, Director, County Management/CFO, Multnomah County (w/encls.)  
Peter Stoloff, Esq., (w/encls.)  
Douglas E. Goe, Esq., Orrick, Herrington & Sutcliffe LLP (w/encls.)  
Mary Munoz, Ziegler Capital Markets Group (w/encls.)  
Courtney Muraski, Esq., Orrick, Herrington & Sutcliffe LLP (w/encls.)