

BEFORE THE HOSPITAL FACILITIES AUTHORITY  
OF MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 06-087**

Authorizing Approval of the Issuance of The Hospital Facilities Authority of Multnomah County, Oregon Series 2006 Bonds in an Aggregate Principal Amount Not to Exceed \$40,000,000; Authorizing the Execution of a Letter of Intent with Terwilliger Plaza, Inc. (the “Borrower”); Designating an Authorized Representative; and Related Matters

**The Board of Directors of The Hospital Facilities Authority of Multnomah County, Oregon Finds:**

- a. The Board of Directors of The Hospital Facilities Authority of Multnomah County, Oregon (the “Authority”), a public authority organized and existing pursuant to Oregon Revised Statutes (“ORS”) Sections 441.515 to 441.595, inclusive (the “Act”), has received a request from Terwilliger Plaza, Inc. (the “Borrower”), a nonprofit corporation organized and existing under the laws of the State of Oregon and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, for the issuance by the Authority of its revenue bonds, 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 “Series 2006 Bonds”) in an aggregate principal amount not to exceed \$40,000,000 to finance and/or refinance the costs of the following projects (collectively, the “Project”):
  1. 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 at Terwilliger Plaza, Inc.;
  2. finance capital improvements to the existing facility;
  3. finance capitalized interest on the Series 2006 Bonds;
  4. fund a debt service reserve account; and
  5. pay certain costs of issuance of the Series 2006 Bonds, including, if applicable, letter of credit fees.
- b. The Authority has received an application from the Borrower in support of its request for financing the Project. The application includes the following:
  1. A letter from Terwilliger Plaza, Inc., dated May 12, 2006 requesting issuance of the Series 2006 Bonds and describing the Project;

2. Independent Auditors' Report and Financial Statements for Terwilliger Plaza, Inc. for fiscal years ending December 31, 2005 and 2004;
  3. Preliminary Financing Calendar of Events;
  4. Distribution list of financing participants; and
  5. Preliminary Schedule of sources and uses of funds and proposed debt service schedule.
- c. The Authority has previously issued its \$26,000,000 Revenue and Refunding Bonds, Series 1999 (Terwilliger Plaza Project) (the "Series 1999 Bonds") on behalf of the Borrower, and the Series 2006 Bonds will be issued on a parity with the outstanding Series 1999 Bonds.
  - d. Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that qualified 501(c)(3) bonds be approved by the Chair of the Board of County Commissioners of Multnomah County, Oregon as the applicable elected representative of the governmental unit issuing the Series 2006 Bonds and having jurisdiction over the area in which the Project is located.
  - e. On May 4, 2006, a Notice of Public Hearing was published in *The Oregonian* pursuant to Section 147(f) of the Code. The public hearing was conducted at 11:00 a.m. on May 19, 2006 and provided the opportunity for members of the public to express their view, orally, or in writing, regarding the issuance of the Series 2006 Bonds.
  - f. On April 25, 2006, the Authority executed a Letter of Intent with the Borrower regarding the issuance of the Series 2006 Bonds.
  - g. The Authority will issue the Series 2006 Bonds under the following documents (collectively, the "Bond Documents"):
    1. Indenture of Trust, dated as of March 1, 1999 (the "1999 Indenture") between the Authority and U.S. Bank National Association, as successor trustee to U.S. Bank Trust National Association (the "Bond Trustee"), as supplemented by a First Supplemental Indenture of Trust (the "First Supplemental Indenture" and together with the 1999 Indenture, collectively, the "Indenture"), relating to the Series 2006 Bonds;
    2. Loan Agreement, dated as of March 1, 1999 (the "1999 Loan Agreement") between the Authority and the Borrower, as supplemented by a First Supplemental Loan Agreement (the "First Supplemental Loan Agreement" and together with the 1999 Loan Agreement, collectively, the "Loan Agreement"), relating to the Series 2006 Bonds; and

3. Construction Deed of Trust, Security Agreement and Assignment of Leases and Rents, dated as of March 1, 1999 (the "1999 Deed of Trust"), as modified by a First Modification Agreement (the "First Modification Agreement" and together with the 1999 Deed of Trust, collectively, the "Deed of Trust"), relating to the Series 2006 Bonds.
- h. The Series 2006 Bonds will be issued 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 Series 2006 Bonds will be secured by a letter of credit (the "Letter of Credit"), issued by Bank of America, N.A. (the "Letter of Credit Bank"). Currently, the Letter of Credit Bank has long-term ratings of Aa1 by Moody's, AA by S&P, and AA/AA- by Fitch, and short-term ratings of P-1 by Moody's, A-1+ by S&P, and F1+ by Fitch. The Borrower may enter into an interest rate swap agreement in connection with a portion of the Series 2006 Bonds as described in the Bond Documents. Based on the Letter of Credit, the portion of the Series 2006 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. The Borrower intends to enter into certain additional documents with various parties in connection with the issuance of the Series 2006 Bonds that may include, but are not limited to a reimbursement and credit agreement, an initial credit facility, an intercreditor agreement, a tender agent agreement, a remarketing agreement, and an interest rate swap agreement.
- i. The Board authorizes the Authorized Representative, as defined in Section 2. hereof, to review and approve the terms and provisions of the First Supplemental Indenture, the First Supplemental Loan Agreement, the Preliminary Official Statement (the "Preliminary Official Statement"), and one or more Bond Purchase Agreements (the "Bond Purchase Agreements") among the Authority, the Borrower and Ziegler Capital Markets Group, a division of B.C. Ziegler and Company (the "Underwriter"). The Board determines that it is in the best interest for the Authority to provide adequate adult congregate care facilities and related services within Multnomah County, Oregon and to proceed with the issuance of the Series 2006 Bonds. The Bond Documents, the Preliminary Official Statement and the Bond Purchase Agreements are incorporated herein by this reference. Capitalized terms not defined herein shall have the meanings set forth in the Bond Documents.

**The Board of Directors of The Hospital Facilities Authority of Multnomah County, Oregon Resolves:**

**Section 1.** The Authority does authorize and approve of the provisions of and directs the execution, sale, delivery and issuance by the Authority of the Series 2006 Bonds, in one or more series and in an aggregate principal amount not to exceed \$40,000,000 to finance the Project. Proceeds of the Series 2006 Bonds will be used to finance the costs of the Project. The Series 2006 Bonds are being issued as "Additional Bonds" pursuant to Article VII of the 1999 Indenture.

**Section 2.** The Authority designates each of the Chair, Vice Chair, Secretary, the Assistant Secretary, the Director, County Management, CFO or the Authority's designee as "Authorized Representatives" of the Authority to negotiate the sale of the Series 2006 Bonds and to determine and designate the dated date of the Series 2006 Bonds, the maturity dates and amounts, the interest rates and interest rate modes, the optional and mandatory redemption provisions, with or without premium, if any, and to determine the interest payment dates and such other provisions and terms of the Series 2006 Bonds as are deemed necessary and desirable for the issuance, sale and closing of the Series 2006 Bonds. The Series 2006 Bonds shall be executed by the facsimile signature of the Chair and shall be attested by the facsimile signature of an Authorized Representative of the Authority. The Series 2006 Bonds shall mature not later than December 31, 2036. The Series 2006 Bonds shall be issued in the form as may be approved by the Authorized Representative.

**Section 3.** The Authority provides for the establishment of the special funds as set forth in the Indenture, to be held in trust with or under the control of the Bond Trustee for the purposes and uses as set forth therein. The Authority is obligated to deposit proceeds of the Series 2006 Bonds to the funds as set forth in and as required by the Indenture. A deposit shall be made into the Debt Service Reserve Fund in an amount necessary to meet the Debt Service Reserve Requirement. In addition, the Authority shall provide for the deposit of all of the loan payments payable to the Authority pursuant to the Loan Agreement.

**Section 4.** The Authority's pledge for the payment of the Series 2006 Bonds shall be valid and binding from the date of the adoption of this Bond Resolution against any parties having subsequent claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have actual notice of this pledge. Pursuant to Oregon Revised Statutes Section 441.555(5) this pledge is noted in the Authority's minute book which shall contain this Bond Resolution and which shall be constructive notice thereof to all parties, and neither this Bond Resolution nor other instrument by which a pledge is created need be otherwise recorded, nor shall the filing of any financing statement under the Oregon Uniform Commercial Code be required to perfect such pledge. Any moneys or obligations so pledged and later received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery or further act.

**Section 5.** The Authority authorizes the sale of the Series 2006 Bonds to the Underwriter pursuant to the terms and conditions of one or more Bond Purchase Agreements as may be approved by the Authorized Representative.

**Section 6.** The Authority directs the Authorized Representative to execute and deliver the Bond Documents and the Bond Purchase Agreements in the forms and with such changes as may be approved by the Authorized Representative. The Authority authorizes the performance by the Authority of the obligations and duties on its part as contained in the Bond Documents and the Bond Purchase Agreements. Any one or more of the Authorized Representatives shall approve, execute and deliver each of the above-described documents and such other documents as are necessary to consummate the sale and/or issuance of the Series 2006 Bonds.

**Section 7.** U.S. Bank National Association, in Portland, Oregon, is designated and approved as the Bond Trustee, Paying Agent and Bond Registrar of the Series 2006 Bonds. An Authorized Representative of the Authority is authorized to execute a Paying Agent and Bond Registrar Agreement, dated as of the date of closing, which provides for compliance with Oregon Administrative Rule 170-061-0010, for and on behalf of the Authority. The Authority does request and authorize the Bond Registrar to execute the Certificate of Authentication as of the date of delivery of the Series 2006 Bonds. The Paying Agent and Bond Registrar shall maintain a record of the names and addresses of the registered owners of the Series 2006 Bonds. The records of the registered bond ownership are not public records within the meaning of Oregon Revised Statute Section 192.210(4).

**Section 8.** During any time that the Series 2006 Bonds are held in a book-entry only system (the "Book-Entry System"), the registered owner of all of the Series 2006 Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Series 2006 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Authority has entered into a Blanket Issuer Letter of Representations (the "Letter") wherein the Authority represents that it will comply with the requirements stated in DTC's Operational Arrangements as they may be amended from time to time.

**Section 9.** For purposes of compliance by the Underwriter with Rule 15c2-12(b)(1) (the "Rule") of the federal Securities and Exchange Commission, the Authority authorizes the distribution of the Preliminary Official Statement and the Official Statement by the Underwriter, and the Authorized Representatives are authorized to deem the Preliminary Official Statement as "final" for purposes of the Rule.

**Section 10.** The Series 2006 Bonds may be transferred or subject to exchange, for fully registered Series 2006 Bonds as provided in the Bond Documents. All bonds issued upon transfer of or in exchange for Series 2006 Bonds shall be valid obligations of the Authority evidencing the same obligation and shall be entitled to the same benefits as the Series 2006 Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Bond Registrar shall be payable by the Borrower.

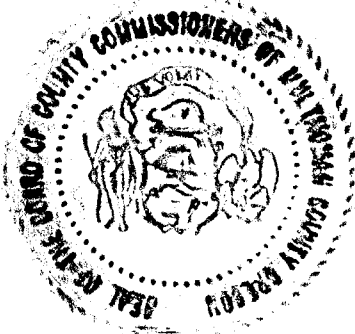
**Section 11.** The Authority may defease the Series 2006 Bonds as provided in the Bond Documents.

**Section 12.** In consideration of the purchase and acceptance of any or all of the Series 2006 Bonds by those who shall own the same from time to time (the "Bondowners"), the provisions of this Bond Resolution shall be part of the contract of the Authority with the Bondowners and shall be deemed to be and shall constitute a contract between the Authority and the Bondowners. The covenants, pledges, and representations contained in this Bond Resolution or in the closing documents executed in connection with the Series 2006 Bonds, including without limitation the Authority's covenants and pledges contained herein, and the other covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be contracts for the equal benefit, protection and security of the Bondowners, all of which shall be of equal rank without preference, priority or distinction of any of such Series 2006 Bonds over any other thereof, except as expressly provided in or pursuant to this Bond Resolution.

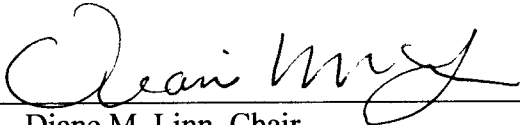
**Section 13.** Each Authorized Representative of the Authority is authorized to take such action and to approve, execute or deliver for and on behalf of the Authority such other and additional documents including, but not limited to a tax certificate and agreement, an Internal Revenue Service Information Report (Form 8038), a reimbursement and credit agreement, an initial credit facility, an intercreditor agreement, a tender agent agreement, a remarketing agreement, an interest rate swap agreement, a written certification and "identification" of the interest rate swap within the meaning of Treasury Regulations Section 1.148-4(h)(2) at the request of the Borrower in a timely manner, and any documents necessary to obtain credit enhancement or liquidity support for the Series 2006 Bonds, if applicable, all as may be necessary in the opinion of Orrick, Herrington & Sutcliffe LLP, as Bond Counsel and Special Counsel to the Authority, for the closing of the issuance and sale of the Series 2006 Bonds. The Authorized Representatives are further authorized to carry out the transactions contemplated by the documents defined in the Bond Documents and as authorized and approved in this Bond Resolution, and to execute and deliver the Bond Purchase Agreements, the Bond Documents, the Tax Certificate and Agreement and all other documents hereby authorized, to the respective parties entitled thereto.

**Section 14.** The Authority ratifies the execution of the Letter of Intent with the Borrower.

ADOPTED and effective this 1st day of June, 2006.



THE HOSPITAL FACILITIES AUTHORITY  
OF MULTNOMAH COUNTY, OREGON

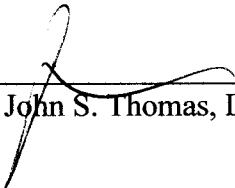
By   
Diane M. Linn, Chair

ATTEST:

By   
Secretary

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By   
John S. Thomas, Deputy County Attorney