

**THE HOSPITAL FACILITIES AUTHORITY OF
MULTNOMAH COUNTY, OREGON**

INDUCEMENT RESOLUTION

NO. 09-024

(Oregon Baptist Retirement Homes Project)

The Board of Directors of The Hospital Facilities Authority of Multnomah County, Oregon (the "Authority") has received a request from Oregon Baptist Retirement Homes, an Oregon nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"), for the issuance by the Authority of its Revenue and Refunding Bonds, Series 2009 (Oregon Baptist Retirement Homes Project), in an aggregate principal amount not to exceed \$7,500,000 (the "Bonds"). Bond proceeds will provide funds to finance the following: (i) currently refunding the State of Oregon Health, Housing, Educational and Cultural Facilities Authority Revenue Bonds, 1996 Series A (Oregon Baptist Retirement Homes – Weidler Retirement Center Project) (the "1996 Bonds"), that financed the acquisition and renovation of and improvements to an rental retirement community for seniors known as Weidler Retirement Center (the "Facility"), located in Portland, Oregon; (ii) improvement, construction, remodeling, renovation and/or expansion of the Facility; (iii) reimbursing the Borrower for the costs of the purchase price of certain real property located adjacent to the Facility at 1824 N.E. 106th Avenue, Portland, Oregon 97220 expected to be used for future expansion; and (iv) paying certain costs of issuance of the Bonds, including credit enhancement costs (collectively, the "Project").

The Board of Directors has received an application from the Borrower in support of its request for issuing the Bonds. The application includes the following:

1. A letter from the Borrower dated January 21, 2009 requesting issuance of the Bonds and describing the Project;
2. Audited Financial Statements for the Borrower for the fiscal years ended October 31, 2006 and 2007 and unaudited Financial Statements for the Borrower for the fiscal year ended October 31, 2008;
3. Proposed schedule of financing;
4. Distribution list of financing participants; and
5. Estimated sources and uses of funds and debt service schedule.

The Board of Directors having received the presentations of representatives of the Borrower, Piper Jaffray & Co., as the Underwriter, and Orrick, Herrington & Sutcliffe LLP, as Bond Counsel and Special Counsel to the Authority, and their responses to questions of the Board of Directors, and upon further discussion, the Board being now fully advised,

IT IS HEREBY RESOLVED that The Hospital Facilities Authority of Multnomah County, Oregon, gives preliminary approval to the financing of the Project and does agree to use

its best efforts to issue the Bonds as described herein in an aggregate principal amount not to exceed \$7,500,000.

The Authority approves and designates Piper Jaffray & Co. as Underwriter for the Bonds, Orrick, Herrington & Sutcliffe LLP, as Bond Counsel and Special Counsel to the Authority for the Bonds and U.S. Bank National Association as Trustee, Paying Agent and Registrar for the Bonds.

The Authority authorizes each of the Chair, Vice Chair, Secretary, the Assistant Secretary, Chief Financial Officer of the County, County Treasurer or the Authority's designee as "Authorized Representatives," collectively, and as an "Authorized Representative," individually, of the Authority to execute and deliver a letter of intent, substantially in the form attached hereto as Exhibit A (the "Letter of Intent"), which sets forth the basic obligations of the Authority and the Borrower regarding the Bonds.

For purposes of compliance by the Underwriter with Rule 15c2-12(b)(1) of the federal Securities and Exchange Commission (the "Rule"), the Authority authorizes the distribution of a preliminary official statement, if required, and an official statement by the Underwriter, and the Authorized Representatives are authorized to deem the preliminary official statement, if required, and the official statement as "final" for purposes of the Rule.

The Authority does direct that it will consider a proposed Bond Resolution authorizing the issuance of the Bonds to finance the Project after review of a Bond Indenture, Loan Agreement, Bond Purchase Agreement, Official Statement, Tax Certificate, and any and all related closing documents. At that time the Authority will determine whether to authorize the actual sale and issuance of the Bonds.

ADOPTED this 26th day of February, 2009.



**THE HOSPITAL FACILITIES AUTHORITY
OF MULTNOMAH COUNTY, OREGON**

By [Signature]
Chair

ATTEST:

By [Signature]
Secretary

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By [Signature]
Agnes Sowle, County Attorney

EXHIBIT A

LETTER OF INTENT

between

**THE HOSPITAL FACILITIES AUTHORITY OF
MULTNOMAH COUNTY, OREGON**

and

OREGON BAPTIST RETIREMENT HOMES

THIS LETTER OF INTENT is between THE HOSPITAL FACILITIES AUTHORITY OF MULTNOMAH COUNTY, OREGON, a public authority of the State of Oregon (the “Authority”), and OREGON BAPTIST RETIREMENT HOMES, 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, as amended (the “Borrower”).

1. **Preliminary Statement.** Among the matters of mutual inducement, which have resulted in the execution of this Letter of Intent are the following:

a. The Authority is a public authority, authorized and empowered by ORS 441.525 to 441.595 (the “Act”) to issue revenue bonds for the purposes specified therein, including providing funds to nonprofit corporations sufficient to improve, extend, maintain, equip and furnish hospital facilities and adult congregate care facilities under the Act, upon such terms and conditions as the Authority may deem advisable.

b. The Authority proposes to issue revenue bonds in an aggregate principal amount not to exceed \$7,500,000 (the “Bonds”). The proceeds of the Bonds will be used to make a loan to the Borrower to finance the costs of the following projects (collectively, the “Project”): (i) currently refunding the State of Oregon Health, Housing, Educational and Cultural Facilities Authority Revenue Bonds, 1996 Series A (Oregon Baptist Retirement Homes - Weidler Retirement Center Project) (the “1996 Bonds”), that financed the construction and renovation of and improvements to an rental retirement community for seniors known as Weidler Retirement Center (the “Facility”), located in Portland, Oregon; (ii) financing the improvement, construction, remodeling, renovation and expansion of the Facility; (iii) reimbursing the Borrower for the costs of the purchase price of certain real property located adjacent to the

Facility at 1824 N.E. 106th Avenue, Portland, Oregon 97220 expected to be used for future expansion; and (iv) paying certain costs of issuance of the Bonds, including credit enhancement costs.

The total estimated costs of the Project to be financed with the proceeds of the Bonds will be in an aggregate principal amount not to exceed \$7,500,000.

c. The Authority deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds to finance all or a portion of the costs of the Project in a total amount not to exceed \$7,500,000.

d. The Authority finds that the issuance of the Bonds to finance the costs of the Project, and the loaning of the proceeds thereof to the Borrower constitutes a valid public purpose.

e. All references in this Letter of Intent to the Authority shall be deemed to include where appropriate its elected and appointed officials, employees and agents.

2. Undertakings on the Part of the Authority. Subject to (a) the conditions stated herein and (b) the preparation and approval of the various financing documents and review and approval by Bond Counsel, as defined below, the Authority agrees and represents as follows:

a. The Authority will, upon satisfaction by the Borrower of all conditions stated herein and all other conditions imposed on the Borrower by the Authority prior to issuance of the Bonds, authorize and cause the issuance of its Bonds to be payable solely from revenues of the Borrower to the Authority pursuant to a loan agreement or other financing agreement or documents between the Borrower and the Authority (collectively, the “Financing Documents”), which Bonds will be in an aggregate principal amount not to exceed \$7,500,000.

b. The Authority will adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, issuance, sale and delivery of the Bonds, and loan the proceeds of the Bonds to the Borrower to finance the Project, all as authorized by law and as mutually satisfactory to the Borrower and the Authority.

c. The amounts payable to the Authority under the Financing Documents will be sufficient to pay the principal of and the interest on, and redemption premium, if any, of the Bonds as and when the same become due and payable.

d. The Authority has appointed Orrick, Herrington & Sutcliffe LLP as Bond Counsel and Special Counsel to the Authority (collectively, “Bond Counsel”) to supervise the proceedings and to approve the legality of the Bonds, the tax-exempt status of the Bonds and to

conduct due diligence with respect to the Borrower and to assist in the review of any official statement or other offering document (collectively, the “Offering Document”), for the Bonds.

e. Neither the Bonds nor the interest thereon shall be an obligation of the Authority, Multnomah County, Oregon (the “County”) or the State of Oregon, or the personal obligations of the elected or appointed officials, employees or agents of the Authority, the County or the State of Oregon within the meaning of any constitutional or statutory provisions whatsoever, but shall be payable solely from revenues or assets provided or arranged by the Borrower. The Bonds shall not be a general obligation of the Authority or its elected or appointed officials, employees or agents nor a pledge of the faith and credit of the Authority or its elected or appointed officials, employees or agents nor a debt or pledge of the faith and credit of the County or the State of Oregon. The Authority has no taxing authority.

f. No presently existing assets of the Authority or the County shall be given to secure the Bonds, and the Bonds shall be repayable out of, and only out of, revenues or assets provided or arranged by the Borrower.

3. Undertakings on the Part of the Borrower. Subject to the conditions above stated, the Borrower agrees as follows:

a. The Borrower will cooperate with the Authority for the approval of all of the terms and conditions of the issuance of the Bonds and in the sale of the Bonds in an aggregate principal amount not to exceed \$7,500,000 to be used to finance the Project.

b. At the time of closing of the Bonds, the Borrower will pay to the Authority, from Bonds proceeds or other available Borrower funds, an issuer’s fee in the amount of Ten Thousand Dollars (\$10,000), and the Borrower will pay from Bonds proceeds or other available Borrower funds, to Bond Counsel, fees based on the time incurred with respect to the Bonds and the Project based on its standard hourly rates plus its out-of-pocket expenses.

c. At the time of closing of the Bonds, the Borrower will deliver the executed loan agreement and/or other financing documents with the Authority, under which terms the Borrower will agree to pay the Authority loan payments sufficient in the aggregate to pay the principal of and interest on, and redemption premium, if any, of the Bonds as and when the same shall become due and payable. The Authority, at its option, may require the Bonds to be secured by a letter of credit, reserve fund or bond insurance acceptable in form and substance to the Authority.

d. In addition to the indemnification and hold harmless obligations of the Borrower under Section 5(a) hereof, the Financing Documents shall contain provisions in which the Borrower shall indemnify and hold the Authority and the County and their elected or appointed officials, employees and agents harmless from all liabilities incurred in connection with the Project or the sale, issuance, marketing or administration of the Bonds.

e. The Borrower will cause Borrower's counsel to provide the Authority with a legal opinion substantially the same in form and substance as the legal opinion provided by Borrower's counsel to the lender with respect to the Bonds.

f. The Financing Documents shall also contain such other provisions as may be required or permitted by law and as are mutually acceptable to the parties.

g. In accordance with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Borrower, as an "Obligated Person" within the meaning of the Rule, agrees to execute and deliver a Continuing Disclosure Certificate, if necessary, in a form satisfactory to the Authority and Bond Counsel and agrees to provide information as specified in the Continuing Disclosure Certificate on an annual basis and will undertake to provide in a timely manner notices of a material event, as defined in the Continuing Disclosure Certificate, with respect to the Bonds.

h. In addition to the indemnification and hold harmless obligations of the Borrower under Section 5(a) hereof, the Borrower shall indemnify and save the Authority and the County, their appointed or elected officials, employees or agents harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from any fees or costs incurred by the Authority or the County in responding to any Internal Revenue Service audit, Securities and Exchange Commission inquiry or any other federal, state or regulatory action or proceeding with respect to the Bonds or the Project. The Borrower agrees to enter into an Agreement Relating to IRS Audits with the Authority as required by the Financing Documents. The Authority may employ, at the Borrower's expense, any counsel (internal or otherwise) or experts required in responding to any audit, inquiry, regulatory action or proceeding with respect to the Bonds or the Project.

i. The Borrower will take such further action and adopt such further proceedings as may be required to implement these understandings.

4. General Provisions.

a. Except as provided in Section 4(b) and Section 5(a) hereof or as otherwise provided herein, all obligations arising under this Letter of Intent are conditioned upon the parties agreeing to mutually acceptable terms for the sale of the Bonds and mutually acceptable terms and conditions for the contracts and agreements contemplated herein; provided, however, that the Authority shall not participate in or be responsible for the marketing of the Bonds.

b. Notwithstanding anything to the contrary stated herein, the Borrower will pay, or cause to be paid, whether the Bonds are actually issued or not, any fees and expenses incurred in connection with the issuance, sale and on-going administration of the Bonds, including without limitation, the reasonable fees and expenses of Bond Counsel, the Authority's financial advisor, if any, and a paying agent or registrar, if necessary. In addition, the Borrower shall pay the out-of-pocket costs of Bond Counsel, the Authority's financial advisor, if any, and County staff. The Borrower will also pay the cost and fees of its counsel, lender's fees and any other costs incurred in connection with the Project or the Bonds.

c. The Borrower shall obtain, at its expense, all necessary governmental approvals and opinions of Bond Counsel to ensure the legality and tax-exempt status of the Bonds. In addition, the Borrower shall make no use of the Bond proceeds so as to cause the Bonds to be classified as "arbitrage bonds" as that term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code") or cease to be "qualified 501(c)(3) bonds" as that term is defined in Section 145 of the Code.

d. The Borrower agrees to execute and deliver the Continuing Disclosure Certificate, if necessary, as required by Section 3(g) hereof.

5. Miscellaneous Provisions.

a. The Borrower shall and hereby agrees to indemnify and save the Authority and the County, their appointed or elected officials, employees or agents harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the execution of this Letter of Intent and any and all other actions to be taken by the Authority or the County relating to the Project or the issuance of the Bonds for so long as the Bonds remain outstanding, including, without limitation, the conduct or management of, or from any work or thing done related to the Project, including without limitation, (i) any condition related to the Project, (ii) any breach or default on the part of the Borrower in the performance of any of its obligations under this Letter of Intent, (iii) any act or negligence of the Borrower or of any of its

agents, contractors, servants, employees or licensees, (iv) any act or negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower, (v) any omission or misstatements of any material fact in any Offering Document or any other liability arising from the sale, issuance, marketing or administration of the Bonds, or (vi) any Internal Revenue Service audit or proceeding or any Securities and Exchange Commission investigation proceeding or any inquiry or any other federal, state or local regulatory action, investigation or proceeding. The Borrower shall indemnify and save the Authority and the County and their elected or appointed officials, employees or agents harmless from any such claim arising as aforesaid, or in connection with any action or proceeding or costs or fees incurred in any action or proceedings brought thereon whether at trial, on appeal, in bankruptcy proceedings or otherwise, and upon notice from the Authority or its elected or appointed officials, employees or agents, the Borrower shall defend them or either of them in any such action or proceeding at the Borrower's expense.

Notwithstanding the fact that is the intention of the parties hereto that the Authority and the County and their elected or appointed officials, employees or agents shall not incur any pecuniary liability by reason of the terms of this Letter of Intent or the undertakings required of the Authority or the County or their elected or appointed officials, employees or agents hereunder, by reason of the issuance of the Bonds or by reason of the execution of any Financing Documents relating thereto, or by reason of the performance of any act requested by the Authority or the County, its elected or appointed officials, employees or agents or by the Borrower, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Authority or the County or its elected or appointed officials, employees or agents should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold the Authority and the County and their elected or appointed officials, employees or agents harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any Offering Document or lack of Offering Document, if any, in connection with the sale or resale of the Bonds and all costs, fees and expenses, including without limitation, legal fees and expenses whether incurred at trial, on appeal, in bankruptcy proceedings or otherwise incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Authority or its elected or

appointed officials, employees or agents, the Borrower shall defend the Authority and its elected or appointed officials, employees or agents in any such action or proceeding.

Notwithstanding anything to the contrary contained herein, the Borrower shall have no liability to indemnify the Authority or the County, or its elected or appointed officials, employees or agents, against claims or damages resulting from the Authority's or the County or their elected or appointed officials, employees or agents own gross negligence or willful misconduct.

In the event any claim is made against the Authority or the County, their elected or appointed officials, employees or agents (collectively, the "Indemnified Parties") for which indemnification may be sought from the Borrower under the foregoing provisions, the Indemnified Parties shall promptly give written notice thereof to the Borrower; provided that any failure to give or delay in giving such written notice shall not relieve the Borrower's indemnification obligations as set forth above except to the extent such failure or delay prejudices the Borrower's ability to defend or settle such claim. Upon receipt of such notice, the Borrower shall assume the defense thereof in all respects and may settle such claim in such manner as it deems appropriate so long as there is no liability, cost or expense to the Indemnified Party.

b. If Bonds proceeds are not sufficient to complete the Project, the Borrower agrees to pay, or cause to be paid, the deficiency.

c. The Authority and the Borrower have caused this Letter of Intent to be authorized by their respective governing body or board of directors, and executed by their duly authorized officers as of the _____ day of February 2009.

**HOSPITAL FACILITIES AUTHORITY
OF MULTNOMAH COUNTY, OREGON**

**OREGON BAPTIST RETIREMENT
HOMES**

By: _____
Authorized Representative

By: _____
Authorized Representative