AGENDA BOOK
OREGON FACILITIES AUTHORITY
Business Meeting

April 10, 2023

Tonkon Torp LLP

888 SW Fifth Ave., Suite 1600, Portland, OR 97204

SUMMARY AGENDA
OREGON FACILITIES AUTHORITY
Business Meeting
April 10, 2023
12:00 PM – 1:00 PM – OFA Business
1:00 PM – 3:00 PM – Bond Applications
888 SW Fifth Ave., Suite 1600, Portland, OR
And by Zoom conference and telephone (see below)

Tab	Item	Action Required
1	**Approval of Minutes of March 13, 2023**	**Yes**
2	**Executive Director's Reports** *Bonding Report* *General Report*	**No**
3	**A Discussion about HB 2001**	**No**
4	**Informational Items**	**No**
	Brief Recess	
5	**Consideration of Final Approval for the application by Childpeace Montessori Community for an OFA Traditional Bond in an amount not to exceed $6,900,000**	**Yes**
6	**Consideration of Preliminary Approval for the application by Mirabella South Waterfront (PRS) for an OFA Traditional Bond in an approximate amount of $85,000,000**	**Yes**
	Other Matters for the Authority	**No**
	Public Comment	**No**

The physical location of the meeting is:
888 SW Fifth Avenue, Suite 1600, Portland, OR 97204

To attend by video conference:
https://tonkon.zoom.us/j/92910796828?pwd=c2IxQVdJT0k0UTNHUjFaVTFObU43QT09
To attend by teleconference, dial by your closest location then enter meeting ID and passcode:
(Tacoma) 253-215-8782 (Chicago) 312-626-6799, or (New York) 646-558-8656
Meeting ID: 929 1079 6828**; Passcode:** 281 854

OFA helps nonprofit organizations access lower cost financing for capital projects by facilitating the issuance of tax exempt conduit revenue bonds.

WORKING AGENDA
OREGON FACILITIES AUTHORITY
April 10, 2023
888 SW Fifth Ave., Suite 1600, Portland, OR
and by Zoom conference and telephone (see below)
12:00 PM – 3:00 PM – OFA Business and Bond Applications

Tab	Discussion and Action	Time
	Call to Order and Present Notice of Meeting	**12:05**
1.	**Approval of Minutes of Meeting of March 13, 2023**	**12:05 – 12:10**
2.	**Executive Director's Reports** *Bonding Report* *General Report*	**12:10 – 12:20**
3.	**A Discussion about HB 2001**	**12:20 – 12:50**
4.	**Oregon Bond Calendar and Other Items – Informational Only**	**12:50 – 12:55**

Meeting recess to change rooms

5.	**Consideration of Final Approval for the application by Childpeace Montessori Community for an OFA Traditional Bond in an amount not to exceed $6,900,000**	**1:05 – 1:40**

We will hear from:

Applicant:	Ms. Nancy Coronado, Interim Head of School
Purchasing Bank:	Mr. Brent Wiblin, First Republic Bank
OFA Financial Advisor:	Mr. Kevin Quinn, First Tryon Advisors
Bond Counsel:	Mr. Michael Schrader, Orrick, Herrington & Sutcliffe LLP
OFA Executive Director:	Ms. Gwendolyn Griffith

Possible action: ***Approval of Resolution 2023-6, granting Final Approval to Childpeace Montessori Community for an OFA Traditional Bond in an amount not to exceed $6,900,000, and recommending that the State Treasurer consider issuing the bond.***

6.	**Consideration of Preliminary Approval for the application by Mirabella South Waterfront (PRS) for an OFA Traditional Bond in an approximate amount of $85,000,000**	**1:45 – 2:20**

We will hear from:

Applicant:	Ms. Mary Schoeggl, Chief Financial Officer, and Ms. Sheri Bryan, Bond Compliance Officer
Purchasing Bank:	Mr. James Goldsmith, Truist Bank
OFA Financial Advisor:	Mr. Kevin Quinn, First Tryon Advisors
Bond Counsel:	Mr. Doug Goe and Mr. Greg Blonde, Orrick, Herrington & Sutcliffe LLP
OFA Executive Director:	Ms. Gwendolyn Griffith

Possible action: ***Approval of Resolution 2023-7, granting Preliminary Approval to Mirabella South Waterfront for its application for a convertible (taxable to tax-exempt) OFA Traditional Bond in an approximate amount of $85,000,000***

Public Comment: **<u>No Action Required</u>**
Other Matters for the Authority: **<u>No Action Required</u>**

The physical location of the meeting is:
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To attend by video conference:
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Meeting ID: 929 1079 6828**; Passcode:** 281 854

TAB 1

Oregon Facilities Authority
Minutes of Meeting of
March 13, 2023

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on March 13, 2023, commencing at approximately 12:00 p.m. The physical location of the meeting was 888 SW Fifth Avenue, Suite 1600, Portland, Oregon. The meeting was also held by Zoom teleconference.

Authority Members participating in the meeting (via Zoom, unless otherwise indicated) were: Chair Roy Kim (in person), Vice-Chair Andrea Trenner, Authority Members Eric Johansen (in person), Erika Patton, Kathleen Cornett, Erick Petersen, and Sean Hubert (in person).

Participating in the meeting to assist the Authority (via Zoom, unless otherwise indicated) were: Gwendolyn Griffith (in person), Executive Director, Mick Harris (in person), Associate Executive Director, and Nick Pham (in person), Executive Assistant, Oregon Facilities Authority; Carol McCoog of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Doug Goe, Greg Blonde, Michael Schrader (in person), and Tommy Sandstrom (in person) of Orrick Herrington and Sutcliffe LLP, Lead Bond Counsel; Fred Eoff and Maggie Marshall of PFM Financial Advisors LLC; Financial Advisor to the Authority; Kevin Quinn of Tryon First Advisors, Alternate Financial Advisor to the Authority; Laura Worth of the Office of the State Treasurer; and Senior Assistant Attorney General Sam Zeigler, Oregon Department of Justice.

Chair Roy Kim called the meeting to order and presented the notice of meeting.

Approval of Minutes

The Minutes of the meeting of February 13, 2023 were unanimously approved.

Discussion of Borrower Default

Ms. McCoog discussed the potential default of a current Borrower. In February, OFA received a letter from Columbia Bank stating that the Borrower was in default for failing to maintain a required debt-coverage ratio. However, Columbia Bank has since clarified that the Borrower is not yet in default and will be provided 60 days to cure. Ms. McCoog agreed to maintain communication with Columbia Bank to support a harmonious resolution.

Executive Director Report

Ms. Griffith then directed the Board's attention to the Bonding Report and the General Report, both of which were included in the Agenda Book. She provided an update regarding OFA's outreach efforts to foundations, explaining that she had contacted the James F. and Marion L. Miller Foundation as a starting point to discuss relationship-building with regional foundations.

Discussion about Silicon Valley Bank and First Republic Bank

Ms. Griffith asked Lead Bond Counsel and OFA's Financial Advisor to led a discussion on the status of Silicon Valley and First Republic Bank. Mr. Blonde and Mr. Goe led a discussion on how the recent news impacts OFA and its current Borrowers and potential Applicants.

The Board took a brief recess and reconvened at approximately 1:00 p.m.

Consideration of a Supplemental Resolution relating to the conditional release of a Preliminary Limited Offering Memorandum for the Clackamas Middle College transaction

Mr. Brian Sien (in person), Principal, and Ms. Carla Culley, Program Coordinator, appeared on behalf of the Applicant. Mr. Wes Olson, Piper Sandler & Co., the Underwriter, and Mr. David Robertson (in person), the Applicant's Financial Advisor, appeared to assist with the presentation. The Applicant's slide deck is available upon request.

Mr. Sien re-introduced Clackamas Middle College ("CMC"), which is a public charter high school established in 2003 in the North Clackamas School District, currently enrolling 282 students. Mr. Sien also presented an update on the Project, which is the acquisition of the building currently leased by CMC (12,000 square feet) in Happy Valley, Oregon, as well as certain renovations to the facilities. Since Preliminary Approval, CMC has negotiated a ground lease effective through 2048 and all parties are now ready to proceed.

Mr. Robertson presented the plan of finance and the proposed Project budget. CMC plans to bid for contracts to replace the roof and repair the HVAC, and will consider additional improvements such as fences and gates, a student store, and additional conference, classroom and/or office space. The Project plan anticipates that the Bonds will have a 20-year amortization ending in 2043, allowing for a five-year buffer before the termination of the ground lease to allow for any "catch up" payments. Mr. Robertson explained the request for a Supplemental Resolution prior to Final Approval to allow the Underwriter to market the bonds to investors, prior to returning to OFA in April after confirming final deal terms and pricing with investors.

The Financial Advisor's report: Ms. Marshall reported that her team has participated in working group calls, reviewed relevant documents, and recommends the approval of the supplemental resolution for the transaction.

Bond Counsel's report: Mr. Schrader reported that the financing team is final on all documents and described the plan to release the PLOM into the market and returning to the Board after pricing with investors. Mr. Schrader recommended the approval of the supplemental resolution for the transaction with certain conditions.

The Executive Director's report: Ms. Griffith recommended the approval of the supplemental resolution for the transaction with the conditions described by Mr. Schrader.

After discussion, Ms. Trenner moved that the Authority adopt Resolution 2023-3, approving the Supplemental Resolution relating to the conditional release of a Preliminary Limited Offering Memorandum for the Clackamas Middle College transaction. Mr. Hubert seconded the motion, and Resolution 2023-3 was unanimously approved.

<u>Consideration of Preliminary Approval for the application by Childpeace Montessori Community, doing business as Childpeace Montessori School for an OFA Traditional Bond in an approximate amount of $6,900,000.</u>

Ms. Nancy Coronado (in person), Interim Head of School, Mr. Ethan Samson (in person), Trustee, and Ms. Courtney Dausz (in person), Trustee, appeared on behalf of the Applicant. Mr. Brent Wiblin of First Republic Bank, the Purchasing Bank, and Mr. Chad Christoff and Mr. Stephen Kelly of Stifel Nicolaus & Company, Inc., the Applicant's Financial Advisor, appeared to assist with the presentation. The Applicant's slide deck is available upon request.

Ms. Coronado presented on the mission and core values of Childpeace Montessori School ("the School"). The School was established in 1976, and provides education for children from approximately 14 months' age through 8th grade and currently enrolls 273 students. Its mission is to "guide the development of the whole child, socially and academically, through the principals of AMI Montessori education in the urban setting." In addition, the School maintains five core values: *Responsibility, Educational Excellence, Love of Learning, Sustainability, and Excellence.*

The Project is the refinancing of existing OFA debt (the Series 2016 Bonds) currently financed by U.S. Bank, N.A. The School anticipates terminating the swap associated with those Bonds as a part of this refinancing. Ms. Coronado and Mr. Samson discussed the ongoing negotiation for additional potential banking terms such as a non-exclusive relationship allowing deposits with other banks, and maximizing FDIC coverage.

Mr. Wiblin presented the financing plan. The Bank is offering the School two options: 1) a 30-year loan with a fixed interest rate that fully amortizes over 28-years after the initial two-year interest-only period; or 2) a 15-year loan, with the same two-year interest-only period, and a fixed rate for the first 15 years with an interest rate reset at the 15-year mark, and a 30-year amortization. The Bank estimates the interest rate at 3.95% for the 15-year option, and 4.45% for the 3-year option.

The Financial Advisor's report is included in the materials. Mr. Quinn reported that he had attended the initial financing team call, and had reviewed the application. His understanding of the transaction is consistent with the plan described at the meeting and recommended the transaction for Preliminary Approval.

Bond Counsel's report is included in the materials. Mr. Schrader reported that the financing team had held a scoping call, and the transaction is consistent with the plan described at the meeting. Bond Counsel will conduct the usual legal and tax due diligence and will work with the financing team to create the documentation. Mr. Schrader recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith welcomed the School back to OFA. The Applicant is an experienced OFA Borrower, and she feels comfortable recommending preliminary approval, knowing the Board will hear from the School and the Bank again before final approval. She reported that, if approved today, OFA will hold a TEFRA hearing and the Applicant hopes to return to OFA in April for final approval. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Ms. Trenner moved that the Authority adopt Resolution 2023-4, granting Preliminary Approval to Childpeace Montessori Community for an OFA Traditional Bond in an approximate amount of $6,900,000. Mr. Hubert seconded the motion, and Resolution 2023-4 was approved.

<u>Consideration of Preliminary Approval for the application by City View Charter School for an OFA Traditional Bond in an approximate amount of $18,750,000.</u>

Ms. Nicole Kopacz (in person), Executive Director, Ms. Melissa Stark (in person), Board President, and Ms. Mivsam Yekutiel, Board Treasurer, appeared on behalf of the Applicant. Mr. Wes Olson of Piper Sandler & Co., the Underwriter, and Mr. David Robertson (in person), the Applicant's Financial Advisor, appeared to assist with the presentation. The Applicant's slide deck is available upon request.

Ms. Stark presented on City View Charter School ("CVCS"). CVCS is a public charter school established in 2004 in the Hillsboro School District, and enrolls 315 students in kindergarten through 8th grade. Its mission is to inspire academic excellence, build character, and create high-quality work while contributing to a better world. Ms. Kopacz described the school's EL model of education where students engage in expeditions of real-world learning and fieldwork.

Ms. Kopacz described the Project which is the acquisition of a facility (59,000 square feet), and renovation of a portion of the facility, with the other portion to be subleased to other entities with the potential to be used for future growth. CVCS currently leases space from the school district (5,000 square feet) and a separate space from a church (13,000 square feet). CVCS is currently negotiating an extension of the lease with the church to allow CVCS to remain in the facility until January or February of 2024.

Mr. Robertson presented the plan of finance. The bonds will be non-rated and structured as a limited offering to only qualified institutional buyers. There is a potential for a separate taxable component in addition to cost of issuance, as a result of the private use by the existing tenants in the new facilities. The bonds will be secured by the building and all revenues of CVCS, including a new preschool program and a new before and after school program, that are in planning and implementation stages currently.

The Financial Advisor's report is included in the materials. Mr. Quinn reported that he had attended the initial financing team call, and had reviewed the application, though has not yet had a chance to review all requested materials. Mr. Quinn addressed CVCS's need to grow enrollment at a faster rate than it has historically to meet the financial obligations of the proposed issuance. Mr. Quinn observed that this is a major expansion of space and expense, compared to the Applicant's current situation, and the proposed plan would require a great deal of effort to launch and implement both a preschool and before-and-after school program at the same time, while also managing existing for-profit tenants. He looks forward to receiving more detailed financial information. That said, his understanding of the transaction is consistent with the plan described at the meeting and he recommended the transaction for preliminary approval.

Bond Counsel's report is included in the materials. Mr. Schrader reported that the financing team had held a scoping call, and the transaction is consistent with the plan described on that call. Bond Counsel plans to conduct the usual legal and tax due diligence, as well as specifically evaluating private use computations Mr. Schrader recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith welcomed the School to OFA, and thanked Mr. Quinn for his frank assessment of the financial terms of the transaction. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Ms. Trenner moved that the Authority adopt Resolution 2023-5, granting Preliminary Approval to City View Charter School for an OFA Traditional Bond in an approximate amount of $18,750,000 . Mr. Johansen seconded the motion, and Resolution 2023-5 was unanimously approved.

The Chair asked for public comment. There was none.

There being no further business to come before the Authority, the meeting was adjourned at approximately 3:30 p.m.

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Roy Kim, Chair

____
Gwendolyn Griffith, Executive Director

TAB 2

OREGON FACILITIES AUTHORITY
Gwen Griffith
Executive Director

MEMORANDUM

To:	Roy Kim, Chair Andrea Trenner, Vice-Chair Sean Hubert, Authority Member Eric Johansen, Authority Member Erika Patton, Authority Member Kathleen Cornett, Authority Member Erick Petersen, Authority Member
From:	Gwendolyn Griffith
Date:	April 4, 2023
Subject:	Executive Director's Bonding Report as March 31, 2023

REPORT ON PENDING APPLICATIONS

Applicant/Type	Amount Requested
Clackamas Middle College (T)	$ 5,000,000
Portland Village Charter School (T)	$ 9,295,000
St. Vincent de Paul Society of Lane County, Inc. (S)	$ 3,786,525
City View Charter School (T)	$ 18,750,000
Childpeace Montessori School (T)	$ 6,900,000

STATUS OF BONDING AUTHORITY – 2021-2023 Biennium

Summary of 2021-2023 Biennium Financing:

Total Authorized by Legislature	$1,000,000,000.00
Total Utilized	- 149,826,668.04
Unused Balance	$ 850,173,331.96

BIENNIUM ALLOCATION—ANNUAL SESSIONS: For the 2021-2023 biennium, the Legislature allocated $1 billion for OFA's issuance.

PRIVATE ACTIVITY BOND ALLOCATION: No private activity bond allocation was made to OFA for this biennium. If OFA needs allocation, the Executive Director will apply to the PAB Committee and the committee may allocate PAB to OFA. However, PAB allocation is scarce this biennium.

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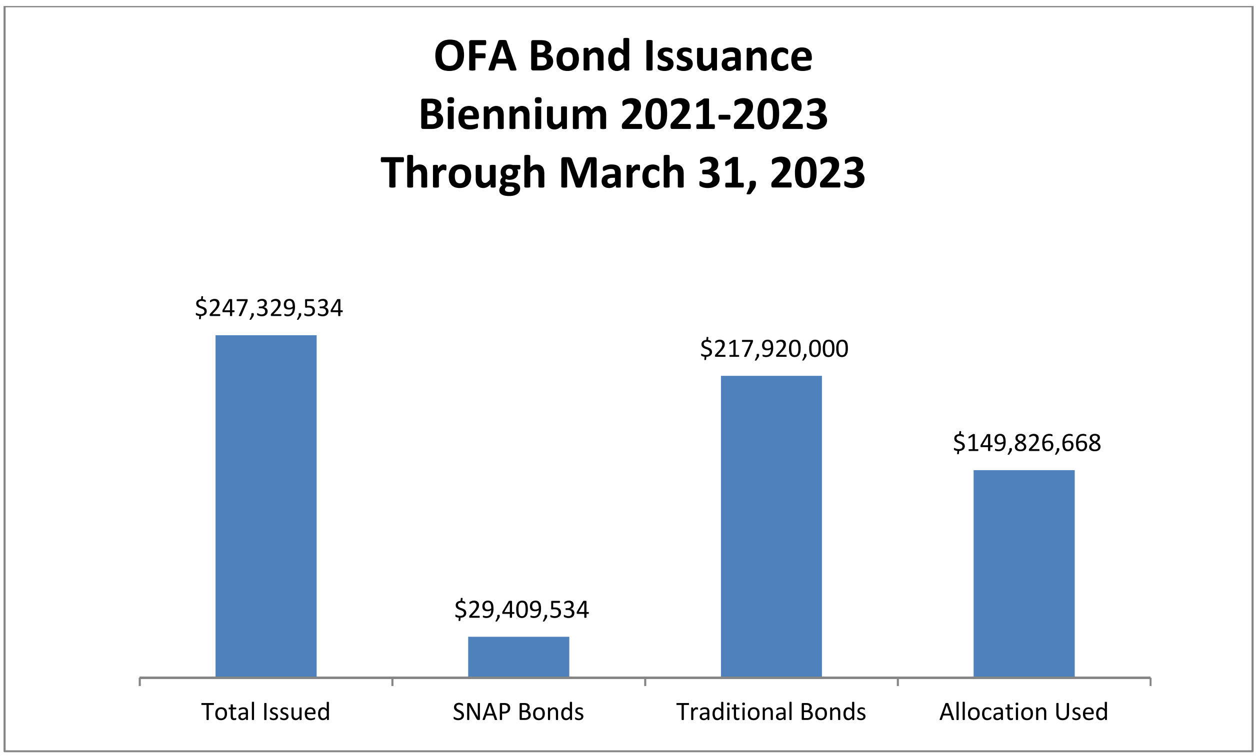
CLOSED TRANSACTIONS 2021-2023

Nonprofit Organization	Issued Amount	Allocation Used
Siskiyou Community Health Center	$ 8,025,000	$ 8,025,000
Cascade Health	$ 7,877,866	$ 0
Cedarwood Waldorf School	$ 1,856,668	$ 1,856,668
Mercy Flights, Inc.	$ 3,800,000	$ 3,800,000
Legacy Health	$ 285,765,000	$ 98,070,000
Adapt	$ 2,850,000	$ 2,850,000
Hope Village, Inc.	$ 26,000,000	$ 26,000,000
Santiam Memorial Hospital	$ 4,225,000	$ 4,225 000
ACE Charter School	$ 5,000,000	$ 5,000 000
Total:	**$ 247,329,534**	**$ 149,826,668**



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OREGON FACILITIES AUTHORITY
Gwendolyn Griffith
Executive Director

MEMORANDUM

To:	Roy Kim, Chair Andrea Trenner, Vice Chair Sean Hubert, Authority Member Eric Johansen, Authority Member Erika Patton, Authority Member Kathleen Cornett, Authority Member Erick Petersen, Authority Member
From:	Gwendolyn Griffith
Date:	April 6, 2023
Subject:	Executive Director's General Report

Transactions

Closed Transactions:	**None**
Pending Transactions:	**Clackamas Middle College (T)** **Portland Village Charter School (T)** **St. Vincent de Paul Society (Eugene) (S)** **Childpeace Montessori Community (T)** **City View Charter School (T)**
New Applications:	**Pacific Retirement Services/ Mirabella South Waterfront (T)**

Proposed Legislation

HB 2001, which allocates several million dollars to OFA for certain housing – related loans, will be discussed in detail at the meeting. The Governor has signed the bill.

Annual Statements of Economic Interests.

It's that time of year again—when Board Members must file their statements of economic interests with the Oregon Government Ethics Commission (OGEC). The

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Statement of Economic Interest is a report that ORS 244.050 requires individuals holding certain public positions to file annually with the OGEC. You should have received an email about this from the OGEC on **March 15, 2023**. The filing is online. The deadline for filing is **April 15, 2023**.

Filer training is available online. https://www.oregon.gov/ogec/public-records/Pages/SEIS.aspx. However, if you have any questions or concerns, please feel free to reach out to me or Nick Pham.

NAHEFFA

Our national association, NAHEFFA, will be holding its Washington, D.C. conference in April. Board Member Eric Johansen will attend on OFA's behalf. He will spend some time during that time meeting with Congressional staffers and others. One topic will be "bank qualification," which is the topic of a new bill recently introduced in Congress. Another topic may be proposed regulations, with respect to which NAHEFFA recently submitted comments. Information about the "Investing in Our Communities Act" and the NAHEFFA comments are included in Section 6 of this Agenda Book. Mr. Johansen will report to the Board about the conference when he returns.

Marketing

OFA is updating its website and moving to a different platform. Now is the time for any suggestions you have to make our website more user-friendly and communicative. Please review at https://oregonfacilities.org/ and direct your questions or comments to ofa.mick@tonkon.com.

I have recorded a 6- minute video (currently being edited) that offers viewers the basics of our SNAP Program. It is intended to give an introduction to how SNAP Loans can benefit nonprofits and the types of projects that SNAP is perfectly designed to support. We will place it on our website and can make it available to interested banks or potential Applicants.

Orrick sponsored a webinar on the use of Section 501(c)(3) bonds for housing purposes on April 5, 2023. Orrick invited Board Members and OST to join this webinar (thanks to all of you who joined!). The webinar has been recorded, and I have requested that Orrick allow OFA to place a link on the OFA website to the webinar with a brief overview of the essential message.

Given the level of bond work occurring at OFA right now, we have fallen behind in our outreach. I hope we can accomplish the following events (details to follow):

May 2023	Informational Session	Eugene,
May 8, 2023	Board Meeting & Info Session	Medford
June, 2023	Informational Session	Astoria

Financial Report

At this time, OST has not yet provided new financial information. Please refer to last month's agenda book for the latest financial reports.

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TAB 3

SECTION 49. **In addition to and not in lieu of any other appropriation, there is appropriated to the Housing and Community Services Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of $20,000,000, to make loans or grants under section 47 of this 2023 Act.**

SECTION 49a. **In addition to and not in lieu of any other appropriation, there is appropriated to the Housing and Community Services Department, for the biennium beginning July 1, 2023, out of the General Fund, the amount of $248,366, to administer grants and loans made under section 47 of this 2023 Act.**

MODERATE INCOME HOUSING PREDEVELOPMENT LOANS

SECTION 50. **Section 51 of this 2023 Act is added to and made a part of ORS chapter 289.**

SECTION 51. **(1) The Oregon Facilities Authority shall provide financing, including refinancing, to local governments or housing developers for predevelopment costs, including infrastructure, site acquisition, planning, reports, surveys and consultants.**

(2) Financing under this section is available only for housing projects that will be subject to an affordability restriction, including an affordable housing covenant under ORS 456.270 to 456.295, that:

(a) Has a term of no less than 25 years; and

(b) Requires that each dwelling unit be rented as the primary residence for a moderate income household as defined in ORS 456.270.

(3) The financing provided by the authority under this section:

(a) May not exceed $500,000 per eligible project;

(b) Must charge interest of three percent or lower;

(c) May only be used for a project with a total cost of less than $40,000,000 or that consists of 80 or fewer residential units; and

(d) May not exceed 75 percent of the project's total predevelopment costs unless the project will be restricted to households with incomes equal to or less than the area median income.

(4) Notwithstanding the definitions of "housing institution" and "project" under ORS 289.005, the activity of the authority under this section is an eligible project, as that term is used in this chapter.

SECTION 52. **Section 51 of this 2023 Act is repealed on January 2, 2026.**

SECTION 53. **In addition to and not in lieu of any other appropriation, there is appropriated to the Oregon Facilities Authority, for the biennium beginning July 1, 2023, out of the General Fund, the amount of $3,613,925, for deposit into the Oregon Facilities Authority Account to be used for the purposes of section 51 of this 2023 Act.**

SECTION 53a. **Notwithstanding any other law limiting expenditures, the amount of $3,613,925 is established for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses by the Oregon Facilities Authority from the Oregon Facilities Authority Account, created under ORS 289.130, for the purposes of section 51 of this 2023 Act.**

SECTION 53b. **Notwithstanding any other law limiting expenditures, the amount of $263,925 is established for the biennium beginning July 1, 2023, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the State Treasurer, for the purpose of oversight and administration of financing by the Oregon Facilities Authority under section 51 of this 2023 Act.**

TERMINATION OF RESIDENTIAL TENANCY FOR NONPAYMENT

SECTION 54. **Section 55 of this 2023 Act is added to and made a part of ORS chapter 90.**

SECTION 55. **(1) As used in this section:**

TAB 4

Ruppersberger, Kustoff Introduce the Bipartisan, Investing in Our Communities Act

March 28, 2023 **Press Release**

WASHINGTON, D.C. — Congressmen Dutch Ruppersberger (D-MD) and David Kustoff (R-TN) today introduced the Investing in Our Communities Act in the House of Representatives. This bipartisan legislation will restore tax-exempt advance refunding for municipal bonds so state and local governments can more efficiently invest in projects throughout their communities.

"This is a complicated finance issue that has a simple end result - saving American taxpayers money," **said Congressman Ruppersberger, who co-founded the bipartisan House Municipal Finance Caucus.** "By empowering local governments to refinance outstanding bonds for projects such as new roads, schools, hospitals and fire stations, we reduce their borrowing costs and free up resources for other community improvements. We create even more jobs and, ultimately, reduce the need to raise taxes."

"It is crucial that every state and local government has the ability to invest in their future and make their communities a better place to live and raise a family," **said Congressman Kustoff.** "I am proud to introduce the Investing in Our Communities Act, with Congressman Ruppersberger, that will give state and local governments a critical financing tool to stimulate economic development, create jobs, and save taxpayer dollars. I urge my colleagues to support this important legislation that will help grow our nation and carry us further into the 21st century."

"Advance refunding is an important tool which permits state and local governments to save billions of dollars in interest costs by refinancing their outstanding debt to a lower interest rate. Our nation benefits by allowing for a robust capital market to flourish, which in turn helps local communities build affordable infrastructure specifically related to their needs. Reinstating the prior tax-exemption for advance refunding bonds is essential to making that happen and the Investing in Our Communities Act does just that," **said Securities Industry and Financial Markets Association (SIFMA) President Kenneth E. Bentsen, Jr.**

"Realizing our nation's infrastructure goals requires access to capital for state and local governments. Saving on the cost of issuance helps to support public services in communities across the country. By introducing the Investing in Our Communities Act, Representatives Kustoff and Ruppersberger are leading the way so that our communities have the tools they need to continue building and maintaining schools, libraries, clean water and roads," **said Emily Brock, Federal Liaison, Government Finance Officers Association (GFOA), Chair of the Public Finance Network.**

Background:

The ability to refinance existing debt through tax-exempt advance refunding is an important cost-saving tool for state and local governments. Advanced refunding allows issuing governments to take advantage of favorable market conditions to reduce their borrowing costs and free up resources for new projects. The Investing in Our Communities Act restores the tax-exemption for advance refunding bonds so state and local governments can grow their communities, more efficiently manage their financial obligations, and save taxpayer dollars.

The Investing in Our Communities Act was cosponsored by: Reps. Andy Barr (R-KY), Brian Fitzpatrick (R-PA), Andrew Garbarino (R-NY) Dan Kildee (D-MI), Derek Kilmer (D-WA), and Gwen Moore (D-WI).

The Investing in Our Communities Act has been endorsed by: American Hospital Association, American Public Gas Association, Government Finance Officers Association, American Public Power Association, American Public Works Association, American Society of Civil Engineers, Association of Metropolitan Water Agencies, Association of Public and Land-grant Universities, Association of School Business Officials International, Bond Dealers of America, Council of Infrastructure Financing Authorities, Council of State Governments, International City/County Management Association, Large Public Power Council, National Association of Bond Lawyers, National Association of Clean Water Agencies, National Association of College and University Business Officers, National Association of Counties, National Association of Health and Educational Facilities Finance Authorities, National Association of Regional Councils, National Association of State Auditors, Comptrollers and Treasurers, National Association of State Treasurers, National Association of Towns and Townships, National Council of State Housing Agencies, National League of Cities, National Special Districts Coalition, Securities Industry and Financial Markets Association, and the United States Conference of Mayors.

Click **here** to read a full text of the bill.

[117H2288]

....
(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. ______

To amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds.

IN THE HOUSE OF REPRESENTATIVES

Mr. KUSTOFF introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Investing in Our Communities Act".

SEC. 2. TREATMENT OF ADVANCE REFUNDING BONDS.

(a) IN GENERAL.—Section 149(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by striking “to advance refund another bond” and inserting “as part of an issue described in paragraph (2), (3), or (4)”;

(2) by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively; and

(3) by inserting after paragraph (1) the following new paragraphs:

“(2) CERTAIN PRIVATE ACTIVITY BONDS.—An issue is described in this paragraph if any bond (issued as part of such issue) is issued to advance refund a private activity bond (other than a qualified 501(c)(3) bond).

“(3) OTHER BONDS.—

“(A) IN GENERAL.—An issue is described in this paragraph if any bond (issued as part of such issue), hereinafter in this paragraph referred to as the ‘refunding bond’, is issued to advance refund a bond unless—

“(i) the refunding bond is only—

“(I) the 1st advance refunding of the original bond if the original bond is issued after 1985, or

“(II) the 1st or 2nd advance refunding of the original bond if the original bond was issued before 1986, "(ii) in the case of refunded bonds issued before 1986, the refunded bond is redeemed not later than the earliest date on which such bond may be redeemed at par or at a premium of 3 percent or less,

"(iii) in the case of refunded bonds issued after 1985, the refunded bond is redeemed not later than the earliest date on which such bond may be redeemed,

"(iv) the initial temporary period under section 148(c) ends—

"(I) with respect to the proceeds of the refunding bond not later than 30 days after the date of issue of such bond, and

"(II) with respect to the proceeds of the refunded bond on the date of issue of the refunding bond, and

"(v) in the case of refunded bonds to which section 148(e) did not apply, on and after the date of issue of the refunding bond, the amount of proceeds of the refunded bond invested in higher yielding investments (as defined in section 148(b)) which are nonpurpose investments (as defined in section 148(f)(6)(A)) does not exceed—

"(I) the amount so invested as part of a reasonably required reserve or replacement fund or during an allowable temporary period, and

"(II) the amount which is equal to the lesser of 5 percent of the proceeds of the issue of which the refunded bond is a part or $100,000 (to the extent such amount is allocable to the refunded bond).

"(B) SPECIAL RULES FOR REDEMPTIONS.—

"(i) ISSUER MUST REDEEM ONLY IF DEBT SERVICE SAVINGS.—Clause (ii) and (iii) of subparagraph (A) shall apply only if the issuer may realize present value debt service savings (determined without regard to administrative expenses) in connection with the issue of which the refunding bond is a part.

"(ii) REDEMPTIONS NOT REQUIRED BEFORE 90TH DAY.—For purposes of clauses (ii) and (iii) of subparagraph (A), the earliest date referred to in such clauses shall not be earlier than the 90th day after the date of issuance of the refunding bond.

"(4) ABUSIVE TRANSACTIONS PROHIBITED.—An issue is described in this paragraph if any bond (issued as part of such issue) is issued to advance refund another bond and a device is employed in connection with the issuance of such issue to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

"(5) SPECIAL RULES FOR PURPOSES OF PARAGRAPH (3).—For purposes of paragraph (3), bonds issued before the date of the enactment of this subsection shall be taken into account under subparagraph (A)(i) thereof except—

"(A) a refunding which occurred before 1986 shall be treated as an advance refunding only if the refunding bond was issued more than 180 days before the redemption of the refunded bond, and

"(B) a bond issued before 1986, shall be treated as advance refunded no more than once before March 15, 1986.".

(b) CONFORMING AMENDMENT.—Section 148(f)(4)(C) of such Code is amended by redesignating clauses (xiv) through (xvi) as clauses (xv) through (xvii) and by inserting after clause (xiii) the following new clause:

"(xiv) DETERMINATION OF INITIAL TEMPORARY PERIOD.—For purposes of this subparagraph, the end of the initial temporary period shall be determined without regard to section 149(d)(3)(A)(iv).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to advance refunding bonds issued after the date of the enactment of this Act.

Oregon State Treasury
Debt Management Division
867 Hawthorne Ave SE
Salem, OR 97301
(503) 378-4930
DMD@ost.state.or.us

Oregon Bond Calendar

For Sale Dates from 3/1/2023 to 7/31/2023

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax Bank Qualified Federally Taxable Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
March 2023									
POSTPONED									
03/14	Oregon Department Of Administrative Services	Negotiated	General Obligation (N) Bonds	2023A $654,905,000	Article XI-Q financing of various state projects	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Other 2. Other 3. Other
03/14	Oregon Department Of Administrative Services	Negotiated	General Obligation (N) Bonds	2023B $176,060,000	Sustainability Bonds - Article XI-Q financing of various state projects	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Other 2. Other 3. Other
03/14	Oregon Department Of Administrative Services	Negotiated	General Obligation (N) Bonds	2023C $8,555,000	Article XI-Q financing of various state projects	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Other 2. Other 3. Other
03/14	Oregon Department Of Administrative Services	Negotiated	General Obligation (N) Bonds	2023D $155,555,000	Article XI-M, XI-N and XI-P financing of various state projects	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Other 2. Other 3. Other
SOLD									
03/01	Oregon Department Of Transportation	Negotiated	Short Term Borrowings	A-1_AH1 $20,160,000	ODOT Transportation Projects CP Notes - Rollover	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	04/05/2023	0.09 Coupon 3%	1. None 2. Orrick, Herrington & Sutcliffe 3. Public Resources Advisory Group
03/01	Oregon Department Of Transportation	Negotiated	Short Term Borrowings	A-1_AJ7 $10,091,000	ODOT Transportation Projects CP Notes - Rollover	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	04/05/2023	0.09 Coupon 3%	1. None 2. Orrick, Herrington & Sutcliffe 3. Public Resources Advisory Group
03/02	Port Of Portland	Negotiated	Revenue Bonds	29 $566,120,000	Portland International Airport Projects	AMT ☑ BQ ☐ TAX ☐ ZERO ☐	07/01/2053	20.72 Coupon 4.82562%	1. Goldman Sachs & Company 2. Orrick, Herrington & Sutcliffe 3. Public Financial Management

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Oregon Bond Calendar

For Sale Dates from 3/1/2023 to 7/31/2023

March 2023

SOLD

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax / Bank Qualified / Federally Taxable / Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
03/02	Portland Community College	Negotiated	General Obligation (N) Bonds	2023 $225,000,000	Updated classrooms, technology, facilities, and equipment to provide students with modern higher education and job training spaces, including flexible hybrid-learning options.	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	06/15/2038	9.37 TIC 3.40316%	1. Piper Sandler & Co. 2. Hawkins, Delafield & Wood 3. SDAO Advisory Services LLC
03/14	City Of Astoria	Privately Placed	General Obligation (N) Bonds	2023 $8,000,000	General Obligation Bonds, Series 2023 to finance Library construction costs	AMT ☐ BQ ☑ TAX ☐ ZERO ☐	06/01/2039	9.97 ATIC 3.67102%	1. JP Morgan Chase Bank 2. Hawkins, Delafield & Wood 3. None
03/14	Neahkahnie Water Distict	Competitive	Full Faith & Credit Obligations(S)	2023 $2,000,000	Finance real property	AMT ☐ BQ ☑ TAX ☐ ZERO ☐	10/01/2042	11.88 TIC 4.79%	1. None 2. Orrick, Herrington & Sutcliffe 3. SDAO Advisory Services LLC
03/14	Washington Cty SD 15 (Forest Grove)	Negotiated	General Obligation (N) Bonds	2023 $90,000,000	Finance a portion of capital projects approved at November 2022 election	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	06/15/2043	13.66 ATIC 3.85203%	1. Piper Sandler & Co. 2. Hawkins, Delafield & Wood 3. None
03/15	Oregon Housing & Community Services Department Park Avenue Apartments LLC	Privately Placed	Conduit Revenue Bonds	2023A $11,310,000	Park Avenue Apartments	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	08/01/2040	0.00	1. Umpqua Bank 2. Orrick, Herrington & Sutcliffe 3. Caine Mitter & Assoc.
03/16	Oregon Housing & Community Services Department Colonia Paz II Limited Partnershiip	Privately Placed	Conduit Revenue Bonds	2023D $1,000,000	Colonia Paz II	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	04/01/2024	1.00	1. Umpqua Bank 2. Orrick, Herrington & Sutcliffe 3. Caine Mitter & Assoc.

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Oregon Bond Calendar

For Sale Dates from 3/1/2023 to 7/31/2023

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax / Bank Qualified / Federally Taxable / Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor

April 2023

PROPOSED

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	AMT/BQ/TAX/ZERO	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
04/06	City Of Hillsboro	Negotiated	Full Faith & Credit Obligations(N)	2023 $13,050,000	Finance improvements in the South Hillsboro Local Improvement District	TAX ✓	06/01/2038		1. D.A. Davidson & Co. 2. Hawkins, Delafield & Wood 3. Piper Sandler & Co.
04/13	Multnomah Cty SD 1J (Portland)	Competitive	General Obligation (N) Bonds	2023 $420,000,000	Finance capital projects approved at November 2020 Election		06/15/2049		1. To Be Determined 2. Hawkins, Delafield & Wood 3. Piper Sandler & Co.
04/18	Northwest Regional ESD	Negotiated	Full Faith & Credit Obligations(N)	2023 $15,000,000	acquisition, construction, development and improvement of real property				1. Piper Sandler & Co. 2. Mersereau & Shannon LLP 3. None
04/19	Umatilla Cty SD 6R (Umatilla)	Negotiated	General Obligation (N) Bonds	2023A $18,000,000	Finance Capital Costs for Building and improving School Facilities				1. D.A. Davidson & Co. 2. Hawkins, Delafield & Wood 3. Piper Sandler & Co - Seattle NW Division
04/19	Umatilla Cty SD 6R (Umatilla)	Negotiated	General Obligation (N) Bonds	2023B $27,200,000	Finance Capital Costs for Building and Improving School Facilities	ZERO ✓			1. D.A. Davidson & Co. 2. Hawkins, Delafield & Wood 3. Piper Sandler & Co - Seattle NW Division
04/20	Tillamook Bay Community College	Negotiated	General Obligation (N) Bonds	2023A $8,365,778	Finance capital projects approved at May 2022 Election	ZERO ✓			1. Piper Sandler & Co. 2. Mersereau & Shannon LLP 3. None
04/20	Tillamook Bay Community College	Negotiated	General Obligation (N) Bonds	2023B $6,030,000	Finance capital projects approved at May 2022 Election				1. Piper Sandler & Co. 2. Mersereau & Shannon LLP 3. None

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Oregon Bond Calendar

For Sale Dates from 3/1/2023 to 7/31/2023

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax Bank Qualified Federally Taxable Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
May 2023									
PROPOSED									
05/03	City Of Portland	Competitive	Revenue Bonds	Sewer2023A $436,390,000	Sewer system capital improvements; currently refund 2013A Second Lien Sewer System Revenue Bonds	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. To Be Determined 2. Hawkins, Delafield & Wood 3. D.A. Davidson & Co.
June 2023									
PROPOSED									
06/01	Marion Cty SD 29J (North Santiam)	Negotiated	General Obligation (N) Bonds	2023 $14,545,000	Refunding of Series 2013 GO Bonds for Savings.	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Piper Sandler & Co. 2. Mersereau & Shannon LLP 3. None
06/15	Benton County	Negotiated	Full Faith & Credit Obligations(N)	2023 $36,000,000	Financing for construction of new County courthouse and district attorney offices	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. Piper Sandler & Co. 2. Hawkins, Delafield & Wood 3. D.A. Davidson & Co.

Negotiated sales may occur any day of the week when the sale date is indicated as a Monday.
Issues are Listed as 'Proposed' until sale results are reported.
AID = Any Interest Date
Neg = Negotiated Sale
Com = Competitive Sale
Pri = Private Placement Sale
AMT = Subject to Alternative Minimum Tax
BQ = Bank Qualified
TAX = Federally Taxable
ZERO = Zero Coupon or Deferred Interest Bonds

Full Faith & Credit Obligation(N) = Non Self-Supporting - bonds repaid by non-project revenues or paid by property taxes or other tax sources within the limits of the Oregon Constitution, Article XI, Section 11.
Full Faith & Credit Obligation(S) = Self-Supporting - bonds repaid by project revenues or there is an
independent source of funds for repayment.
General Obligation(N) = Non Self-Supporting - bonds repaid & secured by ad valorem property taxes levied outside the limits of Article XI 11b.
General Obligation(S) = Self-Supporting - bonds 100% repaid by project revenues, and secured by ad valorem property-taxes.

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Debt Management Division
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Salem, OR 97301
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DMD@ost.state.or.us

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax Bank Qualified Federally Taxable Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor

The purpose categories are defined as follows:

1. Development: industrial development, economic development, non-government office buildings, urban renewal.
2. Education: primary and secondary education, higher education, student loans.
3. Electric power: public power utilities.
4. Environmental Facilities: solid waste disposal, resource recovery, pollution control, recycling.
5. Health Care: hospitals, nursing homes, life-care communities.
6. Housing: single-family and multi-family housing.
7. Public Facilities: government buildings, fire and police stations, jails and prisons, civic and convention centers, museums, libraries, stadiums and sports complexes, theaters, parks, zoos, beaches, other recreation.
8. Transportation: airports, seaports and marine terminals, toll roads, highways and streets, bridges, tunnels, parking facilities, mass transit.
9. Utilities: water and sewer, gas, flood control, sanitation, combined utilities, miscellaneous utilities.
10. General Purpose: general purpose, veterans (other than housing), agriculture, unknown.

TAB 5

GWENDOLYN GRIFFITH
EXECUTIVE DIRECTOR

MICK HARRIS
ASSOCIATE EXECUTIVE DIRECTOR

NICK PHAM
EXECUTIVE ASSISTANT

OREGON FACILITIES AUTHORITY
1600 PIONEER TOWER
888 SW FIFTH AVENUE
PORTLAND, OREGON 97204
PHONE: (503) 802-5710
EMAIL: OFA@TONKON.COM

MEMORANDUM

To:	Roy Kim, Chair Andrea Trenner, Vice Chair Sean Hubert, Authority Member Eric Johansen, Authority Member Erika Patton, Authority Member Kathleen Cornett, Authority Member Erick Petersen, Authority Member
From:	Gwen Griffith
Date:	April 6, 2023
Subject:	Application by Childpeace Montessori Community – Final Approval

---

Childpeace Montessori Community, headquartered in Portland (the "Applicant"), timely made an application to the Authority for Traditional Bond financing in an approximate amount of $6,900,000. It paid the required application fee. The Authority granted the Applicant preliminary approval at its meeting of March 13, 2023.

Bond Counsel's diligence process has confirmed that the Applicant is a §501(c)(3) organization and the type of organization that qualifies for financing through OFA. The Project also qualifies under OFA's statute and administrative rules.

This is the Applicant's third OFA financing. This is a bank placement, and a refinancing of an existing debt held through U.S. Bank. The purchasing bank is First Republic Bank. The Applicant has a financial advisor: Stifel, Nicolaus & Co. The team leader for the financial advisory team is Mr. Chad Christoff.

The Applicant was established in 1976, growing from one classroom in the YMCA building to two locations today (one owned and one leased). It operates a Montessori School. The Applicant provides education for children from approximately 14 months through 8th grade. It currently enrolls 273 students, which is lower than in the previous years (286 in academic year 2020-2021 and 289 in academic year 2021-2022). Its mission is to "guide the development of the whole child, socially and academically, through the principles of AMI Montessori education in an urban setting." In addition, the Applicant maintains five core values: *Responsibility, Educational Excellence, Love of Learning, Sustainability,* and *Excellence.*

The Project is the refinancing of existing OFA debt (the Series 2016 Bonds) in the amount of $6,986,000, as of June 30, 2023, currently financed by U.S. Bank, N.A. There is a swap associated with the Series 2016 Bonds, and the Applicant continues to plan to terminate that swap as part of this refinancing.

The Applicant has chosen a bond term of 30 years, with a 2-year interest-only period and a fixed rate for the first 15 years with an interest rate reset at the 15-year mark. The Bank has offered an interest rate of 3.95%, which offer expires later this month.

The financing team has been hard at work preparing the transaction for final approval. I understand from the team that all issues have been resolved and that the Applicant and Bank are ready to proceed. I understand from Bond Counsel that all bond documents are in substantially final form.

On March 29, 2023, Mr. Harris convened a TEFRA hearing for this Applicant. No public comments were received at the hearing or otherwise.

The Financial Advisor’s report is included in the materials. Mr. Quinn recommends the transaction for preliminary approval.

Bond Counsel’s report is included in the materials. Mr. Schrader recommends the transaction for preliminary approval.

Recommendation: **I recommend that the Authority adopt Resolution 2023-6, granting Final Approval to Childpeace Montessori Community for an OFA Traditional Bond, in an amount not to exceed $6,900,000.**

If you have any questions, please let me know.

GG/np

Oregon Facilities Authority
Final Financial Advisory Report
Childpeace Montessori School
April 5, 2023

1. Findings

This Report has been prepared for consideration by the Board of the Oregon Facilities Authority of final approval of a tax-exempt bond issue for Childpeace Montessori School (the "Series 2023A Bonds"). The amount of the Series 2023A Bonds is up to $6,900,000. The purposes of the transaction are to refinance the School's outstanding debt and provide annual debt service relief. The Bonds are to be sold directly to First Republic Bank. Based on our review of the School's finances, the terms of the transaction and other matters including recent difficulties in the commercial bank sector, we recommend final approval of the transaction.

2. Description of Borrower and Project

Childpeace Montessori School was founded in 1976 and is based in the Portland Public School District, a district which serves approximately 45,000 students in grades K-12. Serving children age 14 months through 8th grade, the School has approximately 273 students as of the 2022-23 school year. The School operates in three buildings located on two campuses. The Northwest campus, near the banks of the Williamette River adjacent to downtown Portland, comprises two facilities owned by the School and located at 1516 NW Thurman Street and 1418 NW Savier Street. Those properties (along with a vacant adjacent parcel) appraised recently for over $20 million. The Southeast campus building, which is located at 2408 SE 16th Avenue, is leased.

In 2016, the School purchased the NW Savier Street building and refinanced the other School-owned property with the proceeds of tax-exempt bonds issued through OFA (the "Series 2016A Bonds"). The Series 2016A Bonds were issued in variable rate mode and the School entered into a 7-year swap agreement with US Bank to hedge its interest rate exposure. The expiration date of the swap is September 29, 2023. As of June 30, 2022, $6,986,000 of the Series 2016A Bonds remained outstanding and the fair market value of the swap was $65,640. The School seeks to refinance the outstanding Series 2016A Bonds with the proceeds of the proposed (Series 2023A) tax-exempt bonds (the "Project").

3. Plan of Finance

The School proposes to finance the Project, including any cost of terminating the associated swap agreement, and transaction costs, with up to $6,900,000 of tax-exempt bond financing. The School has executed a term sheet with First Republic Bank for the direct purchase of a tax-exempt bond. The proposed term of the bond is 30 years with 2 years of interest-only payments followed by 28 years of principal and interest payments that are based upon a 30-year amortization, resulting in a small balloon payment due at maturity. The final maturity of the Series 2016A Bonds is 2041, so the School is effectively seeking to extend the term of its debt by approximately 12 years in order to reduce its annual debt service burden. The School has elected to lock in 15 year fixed rate pricing at the time of bond closing. Under the terms of the transaction, the School must covenant to (1) maintain minimum debt service coverage of 1.25x, to be measured annually, and (2) maintain minimum liquidity of $2 million, to be measured semi-annually. The term sheet also imposes a $200,000 limit on additional indebtedness. There is no debt service reserve fund, the Series 2023A Bonds will not be rated and the School does not maintain a credit rating.

For the budgeted fiscal year ending June 30, 2023, the Series 2016A Bonds have an average annual debt service of approximately $525,000. Under the 15-year interest rate term alternative, the School expects to reduce its average annual debt service (following the 2-year interest-only period) to approximately $395,700 (assuming a rate of 3.95%).

4. Risk Assessment

The School has been proactive in addressing enrollment challenges, the negative impacts of the pandemic and the changes in work and commuting patterns in Portland and has implemented specific strategies to enhance student retention levels and attract new families to the School. During the last five years, the School has grown its unrestricted net assets from operations and its total cash and investments by nearly 89% and 45%, respectively. At FYE 2022, the School had $3,500,000 in total cash and liquid investments

Based on our review of the School's financial information included with the Application and pro-forma financial analysis provided by its financial advisor, it appears that the School has adequate financial resources to meet the debt service coverage and liquidity requirements set forth in the First Republic Bank term sheet.

Recent trauma in the commercial banking sector has raised separate concerns regarding the School's lender in this transaction – First Republic Bank. We express no opinion regarding the long term financial viability of First Republic. The Bank has experienced significant portfolio valuation losses and depository withdrawal activity in recent weeks. However, those events and their impact on the Bank have been mitigated by commitments and infusions of very large amounts of capital by the federal government and a number of major financial institutions. In recent days, the valuation of the Bank has stabilized and alarmist media coverage appears to have subsided. In addition, with respect to its circumstances and commitment to provide the School financing, the Bank has been both forthcoming and unwavering. We have analyzed the potential impact on the School were the Bank's circumstances to worsen. With respect to the Series 2023A Bonds, no adverse financial event with respect to the Bank would relieve it (or any successor in interest) of the lender obligations under the Series 2023A Bond transaction documents. Since all of the Bond proceeds will be disbursed at closing to repay outstanding debt, there should be no risk of loss of such funds post-closing. Under the terms of the transaction, the School is obligated to maintain its primary depository accounts with the Bank. However, the School and the Bank are taking measures to assure that all School depository funds are invested in a manner which assures comprehensive FDIC insurance coverage (or comparable other protection) of such funds. Based on such considerations, we believe that the School will be positioned effectively to manage lender and depositor risk in connection with this transaction.

5. Summary

Childpeace Montessori School seeks to refinance its outstanding Series 2016A Bonds (which mature in September, 2023) in order to secure a long-term fixed rate of interest and to reduce its annual debt service burden. Stable to improving enrollment and financial stability/growth will be important to the School's continued ability to support debt service and covenant obligations. In light of recent challenges facing First Republic Bank, we believe that the School and the Bank have taken appropriate measures to manage banking risk. Accordingly, we recommend approval of the transaction.

Respectfully submitted by First Tryon Advisors

By: Kevin G. Quinn

Kevin G Quinn, Managing Director

ORRICK, HERRINGTON & SUTCLIFFE LLP
1120 NW COUCH, SUITE 200
PORTLAND, OREGON 97209
tel 503-943-4800
fax 503-943-4801
WWW.ORRICK.COM

MEMORANDUM

TO: Members of the Oregon Facilities Authority
Gwendolyn Griffith, Executive Director

FROM: Michael Schrader and Tommy Sandstrom

DATE: April 5, 2023

RE: Final Approval of Childpeace Montessori School Bond Financing through the Oregon Facilities Authority

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Overview of Bonds.

Childpeace Montessori Community, doing business as Childpeace Montessori School, a nonprofit corporation duly organized and existing under the laws of the State ("Childpeace"), and 1516 LLC, an Oregon limited liability company of which Childpeace is the sole member ("1516 LLC" and together with Childpeace, the "Participating Institution"), are requesting final approval from the Oregon Facilities Authority (the "Authority") for the issuance of tax-exempt revenue bonds, in an aggregate principal amount not to exceed $6,900,000 (the "Bonds"). Bond proceeds are expected to be used for the purposes of refunding all of the outstanding Oregon Facilities Authority Revenue Bonds (Childpeace Montessori School Project), 2016 Series A, and (ii) paying certain costs of issuing the Bonds (collectively, the "Project").

Childpeace is the sole member of 1516 LLC, an Oregon limited liability company formed by Childpeace to own the real property that is leased to Childpeace and used as educational facilities. Subsequent to the Authority's adoption of Resolution 2023-4 granting preliminary approval to Childpeace, 1516 LLC was added to the transaction as a co-borrower in order to streamline certain documentation and encumber the real property as collateral for the Bonds.

The Bonds will be privately placed with First Republic Bank (the "Bank"), and the Bank and the Borrower will enter into a Continuing Covenant Agreement (the "CCA"). The CCA reflects the terms and conditions of the Term Sheet previously negotiated and executed by the parties, with the qualification that provisions of the CCA regarding the depository relationship required by the Bank remain subject to further negotiation and finalization prior to closing. The Bonds will not be publicly offered and will not be rated. The Bonds will be issued as fixed rate bonds, fully funded at closing, with a 30-year commitment period and an interest rate reset at year 15. In year 15, the Participating Institution may elect either a variable or fixed rate option for the balance of the loan term. The repayment schedule will have an initial 24-month interest only period, followed by monthly principal and interest payments based on a 30-year amortization period. The Bonds will be secured by a security interest in certain of the Participating Institution's personal property assets, its gross revenues and a deed of trust on certain of its real property.

The Indenture and the Loan Agreement related to the Bonds (the "Bond Documents") are in substantially final form and have been provided to the Authority's Executive Director. Our tax and general due diligence review is nearing completion and no issues are anticipated at this time. Closing of the Bonds is scheduled for April 21, 2023.

Recommendation.

As bond counsel to the Authority, and based upon our due diligence review and the substantially final forms of the Bond Documents, we recommend that the Participating Institution's request for issuance of the Bonds through the Authority be approved, and forwarded to the State Treasurer for final consideration and approval.

STATE OF OREGON
OREGON FACILITIES AUTHORITY

RESOLUTION NO. 2023-6
ADOPTED: April 10, 2023

A RESOLUTION OF THE OREGON FACILITIES AUTHORITY RECOMMENDING THAT THE OREGON STATE TREASURER ISSUE REVENUE BONDS TO FINANCE AND REFINANCE THE PROJECT DESCRIBED HEREIN; DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR; AND AUTHORIZING AND DETERMINING OTHER MATTERS WITH RESPECT THERETO.

WHEREAS, the Oregon Facilities Authority, a body politic and corporate duly created and existing under the laws of the State of Oregon (the "Authority"), is authorized and empowered by the provisions of Oregon Revised Statutes Chapters 286A and 289, as amended (the "Act"), to recommend to the Oregon State Treasurer (the "State Treasurer") the issuance of revenue bonds for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the loaning of the proceeds of such revenue bonds to "participating institutions" as defined in the Act in connection therewith;

WHEREAS, Childpeace Montessori Community, an Oregon nonprofit corporation doing business as Childpeace Montessori School and an organization described in Section 501(c)(3) of the Internal Revenue Code ("Childpeace"), has filed with the Authority an application requesting the issuance of revenue bonds in one or more series for the purpose of refunding all of the outstanding Oregon Facilities Authority Revenue Bonds (Childpeace Montessori School Project) 2016 Series A (the "Project"); and such application has been reviewed by the Executive Director of the Authority, the Authority's bond counsel and the Authority's financial advisor; and

WHEREAS, in said application Childpeace requested that the Authority consider recommending that the State Treasurer issue one or more series of tax-exempt or federally taxable revenue bonds (the "Bonds") under the Act in an approximate aggregate principal amount of $6,900,000, and to loan the proceeds of such Bonds to the Participating Institution (defined below) for the purposes described above and to pay the related costs associated therewith, including paying costs of issuance of the Bonds;

WHEREAS, the Authority, in its Resolution No. 2023-4 adopted on March 13, 2023 (the "Preliminary Resolution"), recommended that the State Treasurer indicate his intent to issue bonds in an approximate aggregate principal amount of $6,900,000 as requested by Childpeace, and the State Treasurer has expressed his intent to issue bonds for such purpose;

WHEREAS, 1516 LLC, an Oregon limited liability company whose sole member is Childpeace ("1516 LLC", and collectively with Childpeace, the "Participating Institution") and is legal owner of the real property leased to Childpeace for use as educational facilities, joined the transaction as a co-borrower subsequent to the Authority's adoption of the Preliminary Resolution in order to collateralize certain real property in the transaction;

WHEREAS, the Participating Institution, the other parties to the transaction pertaining to the proposed issuance of the Bonds, and the Authority's bond counsel, financial advisor and Executive Director have substantially completed the discussions and negotiations necessary to structure the issuance of the Bonds and the loan to be made to the Participating Institution, including completion of substantially final forms of the Indenture and Loan Agreement and certain other documents relating to the Project and the financing (collectively, the "Financing Documents"); and

WHEREAS, the Participating Institution has requested that the Authority grant final approval recommending the issuance of the Bonds upon satisfaction of certain conditions set forth herein, and as such, the Authority wishes to delegate authority to the Executive Director of the Authority to certify that such conditions have been satisfied prior to the closing of the Bonds, upon the advice of the Authority's bond counsel and financial advisor.

NOW, THEREFORE, be it resolved by the members of the Authority as follows:

SECTION 1. COMPLIANCE WITH LEGAL REQUIREMENTS AND ADMINISTRATIVE RULES. The Authority hereby finds and determines the following:

(i) In reliance upon the advice of the Authority's bond counsel and the Authority's financial advisor, the Executive Director has determined that all legal requirements and other requirements for the issuance of the Bonds to finance and refinance the Project have been met or will be met prior to the issuance of the Bonds; and

(ii) Substantially final forms of the Indenture, the Loan Agreement and certain other documents and agreements relating to the Bonds are on file with the Executive Director of the Authority and are available for inspection by members of the public.

The requirements of the Oregon Administrative Rules adopted by the Authority pursuant to the Act have been met insofar as such requirements relate to the matters referred to in (i) and (ii) above and to the extent such requirements must be met as a condition precedent to the adoption of this resolution by the Authority.

SECTION 2. RECOMMENDATION TO ISSUE BONDS. The Authority hereby recommends that the State Treasurer issue the Bonds under the Act in an aggregate principal amount not to exceed $6,900,000, or in such lesser aggregate principal amount as may be determined to be necessary or appropriate, and to loan the proceeds of such Bonds to the Participating Institution for the purpose of financing and refinancing the Project and to pay the related costs associated therewith, including paying costs of issuance of the Bonds. Subject to the Participating Institution's compliance with all legal and other requirements, the Authority finds that no further meeting or action of the Authority is needed for the State Treasurer to proceed with the issuance of the Bonds.

SECTION 3. AUTHORITY TO APPROVE FINAL FINANCING DOCUMENTS. The Executive Director of the Authority is hereby authorized in her discretion, on behalf of the Authority, to approve the final form of the Financing Documents and other related documents, provided the Financing Documents and such related documents are in substantially similar form to the Financing Documents and other related documents herein approved by the Authority, with such changes as approved by the Executive Director, with the advice of the Authority's bond counsel and the Authority's financial advisor.

SECTION 4. EFFECTIVENESS; CONFLICTING RESOLUTIONS. This Resolution shall be effective immediately upon its adoption. Any resolutions of the Authority and parts thereof which are in conflict with the terms of this Resolution shall be, and they hereby are, rescinded, but only to the extent of such conflict.

[Signature follows next page]

CERTIFICATION OF RESOLUTION

The undersigned does hereby certify that I am the duly appointed, qualified and acting Executive Director of the Oregon Facilities Authority; that the foregoing is a true and complete copy of Resolution No. 2023-6 as adopted by said Authority at a meeting duly called and held in accordance with law on April 10, 2023; and that the following members of the Authority voted in favor of said Resolution:

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the following members of the Authority voted against said Resolution:

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and the following member of the Authority abstained from voting on said Resolution:

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In witness whereof, the undersigned has hereunto set her hand as of this 10th day of April 2023.

____

Gwendolyn Griffith, Executive Director

TAB 6

GWENDOLYN GRIFFITH
EXECUTIVE DIRECTOR

MICK HARRIS
ASSOCIATE EXECUTIVE DIRECTOR

NICK PHAM
EXECUTIVE ASSISTANT

OREGON FACILITIES AUTHORITY
1600 PIONEER TOWER
888 SW FIFTH AVENUE
PORTLAND, OREGON 97204
PHONE: (503) 802-5710
EMAIL: OFA@TONKON.COM

MEMORANDUM

To: Roy Kim, Chair
Andrea Trenner, Vice Chair
Sean Hubert, Authority Member
Eric Johansen, Authority Member
Erika Patton, Authority Member
Kathleen Cornett, Authority Member
Erick Petersen, Authority Member

From: Gwendolyn Griffith

Date: April 6, 2023

Subject: Application by Mirabella South Waterfront (PRS)

Mirabella South Waterfront (the "Applicant") timely submitted its application for a Traditional Bond in the approximate amount of $85,000,000. The Applicant has paid the required application fee. The Applicant will become a member of the Northwest Obligated Group of Pacific Retirement Services ("PRS"). The Authority is familiar with that Group and PRS because of the OFA/OST 2021 issuance for Cascade Manor in Eugene and Holladay Park Plaza in Portland.

The Applicant is a Section 501(c)(3) Life Plan Community (formerly a CCC), located in downtown Portland at the South Waterfront. It offers residents independent living, assisted living, and skilled nursing/memory case facilities. The Applicant appears to qualify as a potential borrower under OFA rules. The placement agent is Ziegler, which has a specialty in senior living facilities (among other types of projects).

The Project, which is the refunding of existing bonds issued through the Hospital Facilities Authority of Multnomah County, appears to be of the type contemplated by OFA's statute and administrative rules as a qualifying Project.

Eligibility of the Applicant and the Project would be confirmed during the diligence process. I do not anticipate a problem arising with these issues.

The bond proceeds will be used to allow the Applicant to refund all of its 2014A Bonds and pay costs of issuance. In connection with this issuance, the Applicant intends to pay for, or reimburse itself for, approximately $3.7 million of capital projects from proceeds of the retired debt service reserve fund. The 2014A bonds refunded the original 2008A variable rate bonds that were used to construct the Applicant's facility.

PRS developed the facility, and has managed and operated it since it first welcomed residents. As noted above, at closing, the Applicant will become a member of the Northwest Obligated Group of PRS, which includes Cascade Manor, Holladay Park Plaza, and Mirabella (Seattle, Washington).

The bonds will be purchased by Truist Bank, which is a bank new to OFA. The bonds will be issued in convertible format, allowing the bonds to convert from taxable bonds to nontaxable bonds when the period for advance refunding is open in 2024. This is the first time OFA has encountered this "*Cinderella Bond Mode*" and Bond Counsel will discuss its rationale, use and workings in detail at the meeting. The bonds will have a variable rate, and the Applicant will enter into a swap to synthetically fix the interest rate on the bonds.

As described in detail in the Financial Advisor's report, the bonds have a mandatory tender in 8 years. Mirabella will discuss its plans for meeting this obligation at the meeting. In addition, I direct the Board's attention to the net present value savings of approximately $12.72 million, discussed in both the Financial Advisor's report and in the Application.

If the Applicant receives preliminary approval, I would anticipate it returning for final approval at the May meeting and closing in late May. Bond Counsel has confirmed that this accelerated schedule works from its perspective. The financing team is already hard at work, and we have had several calls with respect to this Project. No surprises have emerged.

It has been OFA's practice to offer its fees for OFA refunding transactions (5 basis points of the face amount of the bond) to Applicants who seek OFA bond financing for refunding issues facilitated by other (usually local) issuers. I recommend taking that approach in this situation.

The reports of Bond Counsel and OFA's Financial Advisor are included in the materials. They both recommend preliminary approval.

Recommendation:

I recommend that the Authority adopt Resolution 2023-7, granting preliminary approval to Mirabella at South Waterfront (PRS) for its application for a convertible (taxable to tax-exempt) OFA Traditional Bond in an approximate amount of $85,000,000.

If you have any questions, please let me know.

GG/np
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Oregon Facilities Authority
Preliminary Financial Advisory Report
Mirabella Portland Project
April 4, 2023

1. Preliminary Findings

Mirabella at South Waterfront, an Oregon non-profit corporation ("Mirabella"), has submitted a Financing Application for a convertible taxable/tax-exempt bond financing of up to $85,000,000. As financial advisor to the Authority on this matter, we have reviewed the Application and participated in a scoping call on February 22 to learn more about Mirabella and its proposed financing. The Application and scoping call provided sufficient information to warrant preliminary approval. However, additional information and analysis will be necessary to support a recommendation for final approval. A discussion of key credit considerations is provided below.

2. Description of Borrower, Project and Outstanding Debt

Incorporated in 2007 and opened to residents in 2010, Mirabella is a 501(c)(3) Life Plan Community (formerly, a continuing care retirement community) located along the banks of the Columbia and Willamette rivers in the South Waterfront district of Portland. The 30-story, 507,000 square foot building received the highest design honor from the AIA Design for Aging Review program in 2008 and Platinum certification, the highest possible LEED green rating for high-performance buildings. Mirabella offers residents one- and two-bedroom and penthouse apartments in an urban high-rise setting surrounded by resort-style amenities, health care and other related services. The Mirabella facility comprises 220 independent living apartments, 16 assisted living apartments and 44 skilled nursing/memory care beds. The current occupancy rate is approximately 95%.

The Mirabella facility was developed, and is managed and operated, by Pacific Retirement Services, Inc. ("PRS"), a not-for-profit organization headquartered in Medford, OR, that develops, operates, manages and markets more than 50 retirement communities and service organizations in six states across the U.S. Simultaneous with the execution of the subject transaction, Mirabella will join the Northwest Obligated Group of PRS (the "Obligated Group") which will serve as the Borrower and underlying credit for the financing. Other members of the Obligated Group include Mirabella Seattle, Holliday Park Plaza and Cascade Manor.

In 2014, Mirabella refinanced its outstanding Series 2008A variable rate revenue bonds with the proceeds of publicly offered tax-exempt revenue refunding bonds issued through The Hospital Facilities Authority of Multnomah County, Oregon (the "Series 2014A Bonds"). The Series 2014A Bonds were issued in fixed rate mode with coupons ranging from 5.00% to 5.50%. As of December 31, 2022, $84,630,000 of the Series 2014A Bonds remained outstanding.

With the proceeds of the proposed bond financing and other sources of funds including approximately $5.86 million to be released from the Series 2014A Debt Service Reserve Fund, Mirabella seeks to (1) refinance the outstanding Series 2014A Bonds and (2) finance approximately $3.7 million of renovations and improvements to its facilities (the "Project").

3. Plan of Finance

Mirabella proposes to refinance its Series 2014A Bonds and finance the Project and transaction costs through an approximately $85,000,000 convertible (taxable to tax-exempt) bond transaction (the "Series 2023 Bonds"). Under the convertible (also known as "Cinderella") structure, the 2023 Bonds will be issued initially as a taxable obligation, effectively converting to tax-exempt on or after July 1, 2024 (within 90 days of the October 1, 2024 earliest optional call date for the Series 2014A Bonds). We have been provided a copy of a non-binding proposal letter and term sheet issued by Truist Bank which describes the key proposed terms of the financing and the Bank's direct purchase of the 2023 Bonds. The proposed term of the Series 2023 Bonds is 30 years with level annual principal and interest payments that are based upon a 30-year amortization (and an assumed interest cost of 5%). The final maturity of the Series 2014A Bonds is 2049, so Mirabella is seeking to extend the term of its debt by approximately 4 years.

The Series 2023 Bonds have a mandatory tender at 8 years from closing. Thus, Mirabella would have to repay or refinance the Bonds at that time, or negotiate an extension term with the Bank. It is anticipated that the Bonds will be issued as a variable rate obligation with an interest rate equal to One Month SOFR plus 135 basis points (1.35%). Mirabella intends to synthetically fix the interest rate on the Bonds by entering into an interest rate swap agreement for the 8 year credit commitment period of the financing. In addition, under the Bank Term Sheet, Mirabella must covenant to (1) maintain minimum debt service coverage of 1.20x, to be measured annually, and (2) maintain minimum days cash on hand of 150 days, to be measured semi-annually.

Based on analysis prepared by Ziegler, Mirabella's placement agent, it is projected that the financing will produce approximately $12.72 million in net present value savings or 15% of the refunded principal amount (assuming a cost of capital of 3.88%). The expected annual debt service for the fiscal years ending September 30, 2023 and 2024 is approximately $1,542,600 and $5,059,200, respectively. For the remaining term of the financing, Mirabella expects the average annual debt service to be approximately $4,790,100. This includes approximately $200,000 per year for the additional capital expenditures to be financed. However, it should be noted that the savings projections and estimated annual debt service amounts assume that the refinancing cost of capital will remain constant over the 30 year term of the Series 2023 Bonds. Because the Bonds are subject to a mandatory tender in 8 years (and the interest rate swap will expire at the same time), the rate on the Bonds (or any successor refinancing) may be different from the initial synthetic fixed rate. In addition, the actual cost of capital of the financing will not be established until an interest rate swap is secured (presumably on or around the closing date). In the term sheet, the Bank does require that the Bonds be hedged but does not require a specific type of hedge such as a swap.

Mirabella seeks preliminary approval at the April OFA Board meeting and final approval at the May meeting in support of a closing in late May.

4. Credit Assessment

Based on our review of historical financial performance and preliminary cash flow forecasts[1] prepared by PRS and Mirabella, the Obligated Group appears to have adequate financial resources to meet the minimum liquidity and debt service coverage requirements set forth in the

[1] Cash flow forecasts assume debt service on refunding proceeds only and do not include proposed financing of $3.7 million in capital expenditures.

Bank term sheet. At FYE 2022, the Debt Service Coverage Ratio (MADS) was 2.09 times and forecasted to grow to 3.10 times over the next five years (versus 1.20 times DSC requirement). For the same period, Days Cash on Hand was 312 and forecasted to increase to 431 (versus > 150 days requirement).

Note that the Authority has issued bonds previously for the Obligated Group in 2021 for a similar bank based refinancing of bonds earlier issued for each of three Obligated Group member facilities.

We will be requesting the following additional documents, information and analysis in order to complete our credit assessment for our final report:

- A definitive plan of finance and hedging plan for the Bonds
- Management prepared financial statements for Q2 of FY 2023, when available
- Updated pro-forma calculations of debt service coverage and liquidity including proposed $3.7 million in capital expenditures

5. Summary

Mirabella proposes to refinance its outstanding Series 2014A Bonds (which mature in 2049) in order to reduce its annual debt service burden and finance certain capital improvements to its facilities. Simultaneously, Mirabella will join the Obligated Group which will serve as the Borrower and underlying credit for the proposed financing. Stable to improving net operating margins of the Obligated Group supported by high occupancy levels and financial stability at its member facilities will be key to the Obligated Group's continued ability to support debt service and covenant requirements as defined in the Master Trust Indenture.

We look forward to reviewing the additional information described above and further discussions with the Mirabella and PRS management and finance team to learn more about the finances of the Obligated Group and the proposed transaction.

Respectfully submitted by First Tryon Advisors

By: Kevin G. Quinn

Kevin G Quinn, Managing Director

orrick

ORRICK, HERRINGTON & SUTCLIFFE LLP
1120 NW COUCH, SUITE 200
PORTLAND, OREGON 97209

tel 503-943-4800
fax 503-943-4801

WWW.ORRICK.COM

MEMORANDUM

TO: Members of the Oregon Facilities Authority
Gwendolyn Griffith Executive Director

FROM: Douglas E. Goe and Gregory A. Blonde

DATE: April 4, 2023

RE: Preliminary Approval for Mirabella at South Waterfront Financing through the Oregon Facilities Authority

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Overview.

Mirabella at South Waterfront, an Oregon nonprofit corporation (the "Borrower"), is requesting preliminary approval from the Oregon Facilities Authority (the "Authority") for the issuance of conduit revenue bonds in an aggregate principal amount of not to exceed $85,000,000 (the "2024 Bonds") in 2024, utilizing a "Cinderella" refinancing structure as further described below. Proceeds of the 2024 Bonds will be used for the purpose of refinancing a taxable loan (the "Taxable Loan") made by Truist Commercial Equity, Inc. (the "Bank") to the Borrower in 2023. The Taxable Loan will be used to: (i) defease The Hospital Facilities Authority of Multnomah County, Oregon Revenue Refunding Bonds, Series 2014A (Mirabella at South Waterfront Project) (the "2014A Bonds"), which benefitted the Borrower, (ii) fund or reimburse the costs of capital projects at the Borrower's continuing care retirement community and (iii) pay costs of issuance of the Taxable Loan (collectively, the "Projects").

Utilizing a "Cinderella" refinancing structure, the Bank, the Borrower and the State Treasurer, on behalf of the State of Oregon and the Authority (collectively, the "Issuer"), are expected to enter into a Forward Delivery Agreement (the "Forward Delivery Agreement") at the time of the execution and delivery of the Taxable Loan (currently scheduled to close in May 2023), whereby the Bank will commit to purchasing the 2024 Bonds in a direct placement, the proceeds of which will be used to pay off the Taxable Loan. The issuance of the 2024 Bonds and the payoff of the Taxable Loan will occur on or after the date the 2014A Bonds would have been currently callable for federal tax purposes. The 2014A Bonds will become currently callable for federal tax purposes 90 days prior to October 1, 2024, which is the call date for the 2014A Bonds. This "Cinderella" refinancing structure has been utilized since 2018 when advance refundings were no longer able to be financed with proceeds of tax-exempt obligations.

The 2024 Bonds are expected to bear interest at a SOFR-based variable rate for eight years, at which time they would be subject to mandatory tender or, at the Bank's discretion, converted to a new variable interest rate. The 2024 Bonds will not be rated and are structured with a 30-year amortization period. The Bank and the Borrower may also enter into an interest rate swap agreement to convert the variable rate to a fixed rate, for the purpose of hedging interest rate risk. The State Treasurer will not be a party to any interest rate swap agreement.

Payments with respect to the 2024 Bonds will be secured by one or more Obligations issued pursuant a Master Trust Indenture, dated as of March 1, 2021 (the "Master Indenture"), among Pacific Retirement Services, Inc. ("PRS"), as the obligated group representative, the Borrower (as a new member of the obligated group) Cascade Manor, Inc., an Oregon nonprofit corporation, Holladay Park Plaza, Inc., an Oregon nonprofit corporation, and Mirabella, a Washington nonprofit corporation (together, the Borrower, Cascade Manor, Inc., Holladay Park Plaza, Inc. and Mirabella are referred to herein as the "Obligated Group Members"). PRS is not and will not be an Obligated Group Member and will therefore not be obligated to pay debt service on the 2024 Bonds. The 2024 Bonds will be on a parity with prior debt issued under the Master Indenture (including the 2021 Bonds issued by the Issuer on behalf of Cascade Manor, Inc. and Holladay Park Plaza, Inc.), as well as any future debt issued by the Obligated Group under the Master Indenture.

Discussion of Open Items and Next Steps.

Initial drafts of the forms of bond indenture and loan agreement that would be executed and delivered at the time the 2024 Bonds close have been distributed and are under review. Other documents and agreements for the financing, including the Forward Purchase Agreement and the Credit Agreement among PRS, the Obligated Group Members and the Bank, are also in process and are well underway. We expect that substantially final documentation will be completed in advance of consideration of final approval of the 2024 Bonds at the Authority's May 8th meeting.

PRS, the Borrower and the Obligated Group Members are in the process of gathering requested tax and general due diligence materials. Given our past experience with PRS, the Borrower and the other Obligated Group Members, no material issues are expected in connection with the due diligence review, however, if our review reveals any issues, we will alert the Authority's Executive Director.

Recommendation.

As Bond Counsel to the Authority, we recommend that the Board grant preliminary approval of the application submitted by the Borrower. The ultimate issuance of the 2024 Bonds will remain subject to several conditions precedent, including without limitation, final approval of the Authority Board, completion of our due diligence review and completion of the financing documents related to the Taxable Loan, the forward delivery of the 2024 Bonds and the forms of documents related to the issuance of the 2024 Bonds, and any other required legal documents. We would be happy to answer any questions members of the Authority may have with respect to the proposed financing.

STATE OF OREGON
OREGON FACILITIES AUTHORITY

RESOLUTION NO. 2023-7
ADOPTED: April 10, 2023

A RESOLUTION OF THE OREGON FACILITIES AUTHORITY RECOMMENDING THAT THE STATE TREASURER ISSUE REVENUE BONDS TO FINANCE AND REFINANCE THE PROJECT DESCRIBED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT BY AND BETWEEN THE AUTHORITY AND THE PARTICIPATING INSTITUTION; AND AUTHORIZING AND DETERMINING OTHER MATTERS WITH RESPECT THERETO.

WHEREAS, the Oregon Facilities Authority, a body politic and corporate duly created and existing under the laws of the State of Oregon (the "Authority") is authorized and empowered by the provisions of Oregon Revised Statutes Chapters 286A and 289, as amended (the "Act"), to recommend to the State Treasurer the issuance of revenue bonds for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the loaning of the proceeds of such revenue bonds to "participating institutions," as defined in the Act, in connection therewith; and

WHEREAS, Mirabella at South Waterfront, an Oregon nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Participating Institution"), has filed with the Authority an application requesting the issuance of revenue bonds for the purpose of refinancing a taxable loan (the "Taxable Loan") made by Truist Commercial Equity, Inc. (the "Bank") to the Participating Institution, the proceeds of which will be used to (i) defease The Hospital Facilities Authority of Multnomah County, Oregon Revenue Refunding Bonds, Series 2014A (Mirabella at South Waterfront Project) (the "2014A Bonds"), (ii) fund or reimburse the costs of capital projects at the Participating Institution's continuing care retirement community and (iii) pay costs of issuance of the Taxable Loan (collectively, the capital projects financed and refinanced with proceeds of the 2024 Bonds (as defined below) are referred to herein as, the "Projects"); and such application has been reviewed by the Executive Director of the Authority, the Authority's bond counsel and the Authority's financial advisor; and

WHEREAS, in said application the Participating Institution has requested that the Authority consider recommending that the State Treasurer issue tax-exempt revenue bonds, in one or more series (the "2024 Bonds"), under the Act in an approximate aggregate principal amount of $85,000,000, and to loan the proceeds of such 2024 Bonds to the Participating Institution for the purposes described above and to pay the related costs associated therewith, including the funding of one or more debt service reserve funds, if deemed necessary and desirable, and to pay costs of issuance of the 2024 Bonds; and

WHEREAS, pursuant to a Forward Delivery Agreement (the "Forward Delivery Agreement") to be executed and delivered in connection with the execution and delivery of the Taxable Loan, the Bank will commit to purchasing the 2024 Bonds in a direct placement, for the purpose of refunding the Taxable Loan on or after the date the 2014A Bonds would have been currently callable for federal tax purposes; and

WHEREAS, pursuant to a Bond Indenture, to be executed and delivered between the State Treasurer, acting on behalf of the State of Oregon and the Authority (collectively, the "Issuer"), and U.S. Bank Trust Company, National Association, as bond trustee, the Issuer will issue the 2024 Bonds and will loan the proceeds thereof to the Participating Institution pursuant to a Loan Agreement, to be executed and delivered between the Issuer and the Participating Institution; and

WHEREAS, the Participating Institution, the other parties to the transactions pertaining to the issuance and sale of the 2024 Bonds, and the Authority's bond counsel are preparing drafts of the basic documents needed in connection therewith; and

NOW, THEREFORE, be it resolved by the members of the Authority as follows:

SECTION 1. ELIGIBILITY. The Authority, based upon the advice of its bond counsel, hereby finds and determines that the Projects qualify as "projects" within the meaning of the Act. The Authority further finds and determines that the financing and refinancing of the Projects by means of revenue bonds issued by the State Treasurer pursuant to the Act will promote the public purposes sought to be advanced by the Act.

SECTION 2. RECOMMENDATION TO ISSUE BONDS. Contingent upon the concurrence of the Executive Director of the Authority and the Director, Debt Management Division of the State Treasurer, the Authority hereby recommends that the State Treasurer express his intent to issue the 2024 Bonds under the Act in an approximate aggregate principal amount of $85,000,000, and to loan the proceeds of such 2024 Bonds to the Participating Institution for the purposes described herein; *provided, however*, that:

(i) prior to the issuance of any 2024 Bonds for the purpose of financing and refinancing the Projects and paying the related costs associated therewith, the Authority and the State Treasurer shall have been advised by the Authority's bond counsel that all legal requirements for the issuance and sale of such 2024 Bonds have been satisfied;

(ii) in the event that any 2024 Bonds are issued for the purpose of financing and refinancing the Projects and paying the related costs associated therewith, such 2024 Bonds shall be payable solely and only from the specific properties and revenues pledged thereto and shall not constitute a debt of the State of Oregon or a lending of the credit of the State of Oregon within the meaning of any constitutional or statutory limitation or a charge upon any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto, and no holder of any such 2024 Bonds shall have the right to enforce the payment of any amounts owing under or with respect to such 2024 Bonds out of any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto; and

(iii) the Authority shall retain at all times complete and absolute discretion whether to proceed with the issuance of any 2024 Bonds for the purpose of financing and refinancing the Projects and paying the related costs associated therewith, and may refuse to proceed therewith for any reason deemed sufficient by the Authority notwithstanding that all legal requirements for the issuance of such 2024 Bonds may have been satisfied.

SECTION 3. PRELIMINARY AGREEMENT; AUTHORIZATION. The form of Preliminary Agreement attached hereto as Exhibit A is hereby approved. The Executive Director of the Authority is hereby authorized, empowered and directed, for and on behalf of the Authority, to execute and deliver such Preliminary Agreement in substantially the form approved but with such variations, changes, omissions and insertions as may be necessary or appropriate and not inconsistent with the provisions of applicable law and to execute such other documents and instruments as shall be necessary or advisable for the purpose of furthering the actions described in Section 2 hereof.

SECTION 4. APPOINTMENT OF ATTORNEY-IN-FACT. The Authority's bond counsel, the law firm of Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, is hereby appointed the Authority's attorney-in-fact for the purpose of applying for any rulings from the Internal Revenue Service that may be required in connection with the 2024 Bonds described herein and for filing, signing and taking any other actions on behalf of the Authority in connection with any such ruling request.

SECTION 5. EFFECTIVENESS; CONFLICTING RESOLUTIONS. This Resolution shall be effective immediately upon its adoption. Any resolutions of the Authority and parts thereof which are in conflict with the terms of this Resolution shall be, and they hereby are, rescinded, but only to the extent of such conflict.

[Signature follows next page]

CERTIFICATION OF RESOLUTION

The undersigned does hereby certify that I am the duly appointed, qualified and acting Executive Director of the Oregon Facilities Authority; that the foregoing is a true and complete copy of Resolution No. 2023-7 as adopted by said Authority at a meeting duly called and held in accordance with law on April 10, 2023; and that the following members of the Authority voted in favor of said Resolution:

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the following members of the Authority voted against said Resolution:

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and the following members of the Authority abstained from voting on said Resolution:

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In witness whereof, the undersigned has hereunto set her hand as of this 10th day of April 2023.

____
Gwendolyn Griffith, Executive Director

EXHIBIT A

PRELIMINARY AGREEMENT

BETWEEN

MIRABELLA AT SOUTH WATERFRONT

AND

OREGON FACILITIES AUTHORITY

THIS PRELIMINARY AGREEMENT is entered into as of the 10th day of April 2023 by and between the **OREGON FACILITIES AUTHORITY**, a public body corporate and politic duly created and existing under the laws of the State of Oregon (the "Authority"), and **MIRABELLA AT SOUTH WATERFRONT**, an Oregon nonprofit corporation (the "Participating Institution").

WHEREAS, the Authority is authorized and empowered by the provisions of Oregon Revised Statutes ("ORS") Chapters 286A and 289, as amended (the "Act"), to recommend to the State Treasurer the issuance of revenue bonds for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the loaning of the proceeds of such revenue bonds to "participating institutions," as defined in the Act in connection therewith; and

WHEREAS, the Participating Institution has filed with the Authority an application requesting the issuance of revenue bonds for the purpose of refinancing a taxable loan (the "Taxable Loan") made by Truist Commercial Equity, Inc. (the "Bank") to the Participating Institution, the proceeds of which will be used to (i) defease The Hospital Facilities Authority of Multnomah County, Oregon Revenue Refunding Bonds, Series 2014A (Mirabella at South Waterfront Project) (the "2014A Bonds"), (ii) fund or reimburse the costs of capital projects at the Participating Institution's continuing care retirement community and (iii) pay costs of issuance of the Taxable Loan (collectively, the capital projects financed and refinanced with proceeds of the 2024 Bonds (as defined below) are referred to herein as, the "Projects"); and such application has been reviewed by the Executive Director of the Authority, the Authority's bond counsel and the Authority's financial advisor; and

WHEREAS, in said application the Participating Institution has requested that the Authority consider recommending that the State Treasurer issue tax-exempt revenue bonds, in one or more series (the "2024 Bonds"), under the Act in an approximate aggregate principal amount of $85,000,000, and to loan the proceeds of such 2024 Bonds to the Participating Institution for the purposes described above and to pay the related costs associated therewith, including the funding of one or more debt service reserve funds, if deemed necessary and desirable, and to pay costs of issuance of the 2024 Bonds; and

WHEREAS, pursuant to a Forward Delivery Agreement (the "Forward Delivery Agreement") to be executed and delivered in connection with the execution and delivery of the Taxable Loan, the Bank will commit to purchasing the 2024 Bonds in a direct placement, for the purpose of refunding the Taxable Loan on or after the date the 2014A Bonds would have been currently callable for federal tax purposes; and

WHEREAS, the Authority has adopted a resolution pursuant to which it has recommended that the State Treasurer issue the 2024 Bonds under the Act for the purposes as described above; and

WHEREAS, the State Treasurer has indicated in writing his intent to issue the 2024 Bonds under the Act for the purposes described above;

NOW, THEREFORE, for and in consideration of the premises and the mutual undertakings of the parties as set forth herein, the Authority and the Participating Institution hereby agree as follows:

SECTION 1. RECOMMENDATION OF THE AUTHORITY. By Resolution No. 2023-___ adopted on April 10, 2023 (the "Resolution"), the Authority has recommended that the State Treasurer issue the 2024 Bonds under the Act in an approximate aggregate principal amount of $85,000,000 and to loan the proceeds of such 2024 Bonds to the Participating Institution for the purposes described in the Resolution. Such recommendation remains subject to the terms hereof and upon satisfaction by the Participating Institution of all conditions stated herein and all other conditions imposed on the Participating Institution by the Authority prior to issuance of the 2024 Bonds and upon compliance with all requirements of applicable law, including without limitation, the following conditions and understandings:

(i) **COMPLIANCE WITH APPLICABLE LAW**. Prior to the issuance of any 2024 Bonds, the Authority and the State Treasurer shall have been advised by the Authority's bond counsel that all legal requirements for the sale of such 2024 Bonds have been fully met and complied with. If bond counsel advises the Authority that all legal requirements have not been complied with or that the financing and refinancing contemplated by the Participating Institution deviates in any material respect from the financing and refinancing proposed in the application of the Participating Institution, the Authority may require the Participating Institution to take further actions prior to the issuance of the 2024 Bonds, including resubmitting an updated application and seeking an additional approval of the Authority.

(ii) **BONDS ARE LIMITED OBLIGATIONS**. In the event that any 2024 Bonds are issued, such 2024 Bonds shall be payable solely and only from the specific properties and revenues pledged thereto and shall not constitute a debt of the State of Oregon or a lending of the credit of the State of Oregon within the meaning of any constitutional or statutory limitation or a charge upon any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto, and no holder of any such 2024 Bond shall have the right to enforce the payment of any amounts owing under or with respect to such 2024 Bonds out of any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto. The Participating Institution understands that any loan agreement, amendment, supplement or other agreement to be entered into in connection with the 2024 Bond financing and refinancing will provide that amounts payable thereunder by the Participating Institution will be sufficient to pay the principal of and the interest on, and redemption premium, if any, of the 2024 Bonds as and when the same become due and payable.

(iii) **DISCRETION TO DETERMINE WHETHER TO PROCEED**. The Authority and the State Treasurer shall each retain at all times complete and absolute discretion as to whether or not to proceed with the issuance of the 2024 Bonds, and each may refuse to proceed therewith for any reason deemed by either to be sufficient notwithstanding that all legal requirements for the issuance of such 2024 Bonds may have been met and fully complied with.

SECTION 2. UNDERTAKINGS ON THE PART OF THE PARTICIPATING INSTITUTION. The Participating Institution agrees as follows:

(A) **COMPLETION OF FINANCING**. If 2024 Bonds are issued as requested by the Participating Institution as described above, it is the intent of the Participating Institution to diligently cause the financing of the Projects contemplated hereby to be completed and to cause the Projects to be operated or to continue to be operated in the manner and for the purposes previously disclosed to the Authority in the Representative's application for financing. If the 2024 Bond proceeds are not sufficient to complete the financing and refinancing of the Projects as contemplated herein, to fund the debt service reserves, if necessary, and to pay costs of issuance of the 2024 Bonds, the Participating Institution agrees to cause the financing and refinancing of the Projects, the funding of the reserves and the payment of costs of issuance to be completed at the Participating Institution's expense. The Authority makes no representation or warranty that the proceeds of the 2024 Bonds will be sufficient to accomplish the financing and refinancing of the Projects, the funding of a reserve and payment of costs of issuance of the 2024 Bonds as planned by the Participating Institution, and the Participating Institution hereby acknowledge and agree that it assumes all risks associated with such potential insufficiency.

(B) **COOPERATION WITH THE AUTHORITY AND TREASURER**. The Participating Institution will cooperate with the State Treasurer, the Executive Director of the Authority, the Authority's bond counsel and the Authority's financial advisor in all matters relating to the issuance, sale and delivery of the 2024 Bonds and the financing and refinancing of the Projects from the proceeds thereof; provided, however, that nothing herein shall obligate the Participating Institution to cause the 2024 Bonds to be issued.

(C) **ARRANGEMENTS FOR SALE OF THE 2024 BONDS**. The Participating Institution acknowledges and agrees that it shall have sole responsibility for arranging for the sale of the 2024 Bonds, and acknowledges that under the Act the State Treasurer has the ultimate authority to approve and remove any underwriter for the 2024 Bonds.

(D) **Execution and Delivery of Loan Agreement**. At the time of issuance of any 2024 Bonds, the Participating Institution will deliver an executed loan agreement or other financing agreement with the State Treasurer (acting as issuer of the 2024 Bonds on behalf of the State), under which terms the Participating Institution will agree to pay the loan payments sufficient in the aggregate principal of and interest on, and redemption premium, if any, of such 2024 Bonds as and when the same shall become due and payable. The loan agreement or other financing agreement shall contain a provision that the Participating Institution shall indemnify and hold the Authority and the State of Oregon harmless from all liabilities incurred in connection with the financing and refinancing and the offering or sale of such 2024 Bonds.

(E) **Further Actions**. The Participating Institution will take such further action and adopt such further proceedings as may be required to implement the terms and provisions of this Preliminary Agreement. The Participating Institution shall obtain all necessary governmental approvals and opinions of bond counsel to ensure the legality of the 2024 Bonds and the exclusion of interest on the 2024 Bonds issued on a tax-exempt basis from gross income for federal income tax purposes. In addition, the Participating Institution shall make no use of the proceeds of the 2024 Bonds issued on a tax-exempt basis so as to cause the 2024 Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(F) **Reimbursement For Expenses**. Regardless of whether the 2024 Bonds are issued, the Participating Institution will reimburse the Authority and the State Treasurer for all reasonable and necessary direct and indirect expenses incurred in connection with the consideration and processing of the application for bond financing and the preparation of the 2024 Bonds for issuance, which expenses shall be itemized on an invoice sent by the Authority to the Participating Institution and paid within 30 days of the date of such invoice. If any 2024 Bonds are issued, the Participating Institution will pay, or cause to be paid, to the Authority its usual and customary fees according to Authority policy (as the same may be modified from time to time), its issuance fee and any annual fee.

(G) **Fees And Expenses Of Bond Counsel And Financial Advisor**. The Participating Institution hereby agrees to pay the fees and expenses of Orrick, Herrington & Sutcliffe LLP, bond counsel and disclosure counsel (hereinafter, "bond counsel") to the Authority, and PFM Financial Advisors LLC, financial advisor to the Authority, for professional services rendered in connection with the issuance, sale and delivery of any 2024 Bonds. The Participating Institution acknowledges that the fees and expenses of bond counsel and the financial advisor shall be as set forth in the respective contracts of said firms entered into with the Authority and the State Treasurer, subject to such modifications as may have been agreed upon in writing by bond counsel or the financial advisor, as appropriate. The fees and expenses of bond counsel and the financial advisor shall be paid at the time of the issuance and delivery of any 2024 Bonds; *provided*, *however*, that with respect to any expenses which it is not practicable for bond counsel or the financial advisor to compile and itemize at such time, such expenses shall be paid within thirty (30) days from the date of any invoice therefor; and *provided further*, that if the Participating Institution abandons or otherwise fails to complete the financing contemplated hereby within six months from the date of adoption of the Authority resolution referred to in the preamble hereto, the Participating Institution shall pay all fees and expenses incurred by said bond counsel or said financial advisor in connection therewith, which fees and expenses shall be itemized on an invoice sent to the Participating Institution and paid within thirty (30) days of the date of such invoice.

(H) **INDEMNITY AND HOLD HARMLESS AGREEMENT**. The Participating Institution hereby agrees to indemnify and hold the State of Oregon, the State Treasurer, the Authority and their respective officials, officers, members and employees (the "Indemnified Parties") harmless against and from any and all claims, of whatever nature and howsoever arising, by or on behalf of any person, firm, corporation or other legal entity arising from the execution of this Preliminary Agreement or any other actions taken or omitted to be taken by any of the Indemnified Parties or the Participating Institution relating in any way to the Projects or the offering, sale, remarketing or issuance of the 2024 Bonds or any transaction related to the foregoing, including without limitation any claim or liability arising from or in connection with:

(i) any condition of the Projects or the construction or renovation thereof;

(ii) any breach or default on the part of the Participating Institution in the performance of any of its obligations under this Preliminary Agreement or any other agreement entered into in connection with the 2024 Bonds or the Projects;

(iii) any act or negligence of the Participating Institution or of any of its agents, contractors, servants, employees or licensees;

(iv) any act or negligence of any assignee or lessee of the Participating Institution, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Participating Institution;

(v) any material misstatement or omission, or alleged material misstatement or omission, made or omitted in any disclosure materials used in connection with the offering or sale of the 2024 Bonds or any other information used in connection with the offering, placement, sale, remarketing or purchase of any 2024 Bond (other than a material misstatement or omission contained in information provided by an Indemnified Party specifically for inclusion in disclosure materials relating to the 2024 Bonds).

The Participating Institution shall indemnify and save the Indemnified Parties harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Indemnified Party, the Participating Institution shall, subject to ORS Chapter 180 (or any successor provision of law), defend it in any such action or proceeding at the Participating Institution's expense, and shall pay all attorney's fees and expenses of the Indemnified Parties incurred in connection therewith at trial, on appeal or otherwise related to the claim for which indemnification is provided hereunder, and against all other liabilities arising from the issuance of the 2024 Bonds on behalf of the Participating Institution and any fees and costs incurred by the Indemnified Parties in responding to any U.S. Department of the

Treasury Internal Revenue Service (the "IRS") audit, U.S. Securities and Exchange Commission (the "SEC") inquiry or any Federal, State or regulatory action or proceeding with respect to the 2024 Bonds or the Projects. The Authority and the State Treasurer may employ, at the Participating Institution's expense, any legal counsel or experts required in responding to any IRS audit, SEC inquiry or any other Federal, State or regulatory action or proceeding with respect to the 2024 Bonds or the Projects. The foregoing indemnification and hold harmless agreement shall be and remain in full force and effect notwithstanding the failure or refusal, for any reason, of the Authority or the State Treasurer to proceed with the issuance of the 2024 Bonds. Notwithstanding anything to the contrary contained herein, the Participating Institution shall have no liability to indemnify the Indemnified Parties against claims or damages resulting from the Indemnified Parties' own willful misconduct.

SECTION 3. MISCELLANEOUS. The State of Oregon, the State Treasurer, the Authority and their respective officials, officers, members and employees, and Orrick, Herrington & Sutcliffe LLP and PFM Financial Advisors LLC, and each of them individually, shall be third party beneficiaries of this agreement with respect to payment of their respective fees, with the right to enforce the provisions of this agreement directly and individually and without joining any other beneficiary hereof.

This agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

This agreement shall be binding upon the parties hereto and their respective successors and assigns.

This agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Participating Institution have caused this Preliminary Agreement to be executed and delivered by their duly authorized officers or representatives as of the date first set forth above.

OREGON FACILITIES AUTHORITY

By:____
Its Executive Director

MIRABELLA AT SOUTH WATERFRONT,
AS A PARTICIPATING INSTITUTION

By: ____
Authorized Representative