

Notice of Special Meeting of the Hospital Facility Authority of Clackamas County (HFACC)

The HFACC will hold a special meeting on **March 11, 2020, at 1:30pm**, at the Public Services Building, 2051 Kaen Rd., Room 255 (County Counsel's Office, Main Conference Room) Oregon City, OR 97045. The following is the agenda for the meeting:

Agenda

1. Call to Order
2. Introductions.
3. Approve January 22, 2020 minutes.
4. Review and approve amended bylaws.

Action: approve amended bylaws and recommend they be moved to the Clackamas County Board of Commissioners for formal adoption.

5. Discussion of Rose Villa site tour.
6. Discussion of Rose Villa financial material received.
7. Consideration of the Resolution Authorizing Not to Exceed \$85 million of Bonds for the Benefit of Rose Villa, Inc. (the "Resolution").

Action: approve Resolution. Approval of this Resolution will permit issuance of the bonds and authorizes a representative of the HFACC to execute and deliver all agreements, contracts, directions, certificates, notices, and other documents associated with issuance of the bonds.

8. Adjourn.

Attached items:

- Board meeting minutes 1.22.2020
- Amended bylaws.

- Resolution Authorizing Not to Exceed \$85 million of Bonds for the Benefit of Rose Villa, Inc.

For more information, please contact Elizabeth Comfort, Clackamas County Department of Finance Director, at 503-742-5405.

Minutes of the Hospital Facility Authority of Clackamas County (HFACC) Board meeting
Meeting Date: January 22, 2020

Members Present: Chair Jim Bernard,
Dana Lord,
Matthew Gierach
George Decker (via telephone)

Member applying for appointment to second term:
Kevin Mellor

Others in attendance: Carol McCoog, Hawkins, Delafield & Wood, Issuers Counsel (via telephone)
Sarah Dickey, Hawkins Delafield & Wood, Issuers Counsel
Greg Blonde, Orrick, Herrington & Sutcliffe, Bond Counsel, Rose Villa
Andrew Naylor, Assistant Clackamas County Counsel
Marc Gonzales, Staff to HFACC

- Meeting called to order by Chair Bernard at 1:36 p.m.
- Introductions of board members and guests
- Discussion of existing bylaws governing HFACC and changes being considered: Chair Bernard noted that the prior Board members had discussed whether to make mandatory that members be legal citizens of the United States; that requirement was not approved at that time. Mr. Gonzales noted that the bylaws had been updated in 2017, when the HFACC was being re-established after a seven year period without activity. Certain portions of the bylaws were brought forward from the prior set of bylaws, some of which were up for discussion as to whether they might be modernized. Topics included changing some passages to read as permissive rather than mandatory, e.g., in Article IV, the existence of a formal process for choosing officers' and the descriptions of their roles: Chair, Vice-Chair, Treasurer, and Secretary. Also mentioned was the nominating process and whether that would be reviewed and changes offered for review. Another section, Article IX, relates to the method by which amendments to the bylaws will be made. The process was described by Mr. Naylor, and he was asked to propose re-written sections of the bylaws for review and forwarding to the Board of County Commissioners whose approval of changes of the bylaws is required.
- A discussion ensued as to the number of board members, which is seven, and the process undertaken to add board members from volunteers from the community. The current number of vacancies on this board is three, all community member positions. Mr. Kevin Mellor has asked to be considered for re-appointment after his first term expired in November, and that process of application and appointment approval was described. Mr. Mellor's application will be presented to the Board of County Commissioners in early February. A recruitment is open to refill the two remaining vacancies on the board, and Marc Gonzales is working to seek applicants in cooperation with Public and Government Affairs. For the present, there is a functioning quorum.

- A discussion of the necessity of having a Vice-Chair named in case the Chair is unable to be present for a meeting resulted in board member George Decker volunteering and being approved unanimously as Vice-Chair.
- The request from Rose Villa, a Senior Living Community, for financing to fund an \$80,000,000 project and settlement of outstanding debt from phase 2 of the improvements at Rose Villa was the next order of business. Marc Gonzales described the basic outline of the project : a new Skilled Nursing Facility construction project, the addition of over 40 Independent Living residential units, and associated other capital improvements as well as debt extinguishment to be funded by a bond issuance transaction to culminate in April 2020 if approved by HFACC. Mr. Blonde of Orrick expanded on that project description. The Inducement Resolution and Letter of Intent was reviewed and it was moved by Dana Lord and seconded by Matthew Gierach to approve the resolution as presented. The vote in favor was unanimous.
- The board members described the desire to see additional documents beyond what had been provided thus far by the parties cooperating on the project financing, all of which are in the queue and being prepared. Among the named documents to be provided over the next weeks are a Sources and Uses statement; a financial feasibility study; the existing continuing disclosure filing; the financial audit of Rose Villa for fiscal year 2019; occupancy and reservation percentages, the underwriter's spread proposal, and comparative information for like entities.
- The date for the next HFACC board meeting was proposed for March 10, 2020, at 1:30 in the afternoon.
- The meeting was adjourned at 2:24 p.m.

**Bylaws of the Hospital Facility Authority of Clackamas County, Oregon
(Revised, November 2017)**

ARTICLE I

NAME. The name of the organization shall be the Hospital Facility Authority of Clackamas County, Oregon (HFACC). These Bylaws shall govern the actions of the Hospital Facility Authority of Clackamas County, Oregon, established by the Board of Clackamas County Commissioners (BCC).

ARTICLE II

PURPOSE. The purpose of the HFACC is to serve the residents of Clackamas County in matters concerning access to tax exempt bond financing of health care facilities including hospitals, adult congregate living facilities, behavioral treatment facilities, family safety facilities, or any health care facility as defined in ORS 442.015.

GOALS. The goals of the HFACC are as follows:

- a. Involve area residents in the review, consideration and approval of financing methods to assure access to health care facilities in their communities.
- b. Act as a board appointed by the Board of County Commissioners under County Code Section 2.03, with authorization to review proposals for tax exempt financings for nonprofit health care facilities affecting areas within the boundaries of the HFACC. The bond obligations created under the authority of the HFACC are not debts or liabilities of Clackamas County or any of its legally distinct component units.
- c. Present to the Board of County Commissioners such actions for BCC approval as may be necessary to complete bonded debt financings as heretofore described for nonprofit health care facilities within the boundaries of Clackamas County.

ARTICLE III

MEMBERSHIP. Membership shall consist of no more than seven board members in number, and shall be as representative as possible of the County.

- a. Community members of the HFACC Board shall be selected from a pool of applicants solicited, received and appointed by the BCC. One member of the HFACC Board will be a sitting member of the Board of County Commissioners. Community membership in the HFACC Board shall be open to anyone 18 years of age or older who is a resident of Clackamas County, a property or business

owner within Clackamas County, or a designated representative of a health care facility located within Clackamas County.

- b. Membership shall not be limited by race, creed, color, sex, age, heritage, national origin or income. Membership will be granted upon signing the official membership register. All new members signing up will be required to show proof of eligibility.
- c. Members shall have an appointment term of four (4) years which shall expire on June 30. Expiration dates for the terms shall be staggered so that no more than one-third of the members' terms will expire in any year. For this purpose, membership terms may initially be staggered for less than four years at the sole discretion of the BCC. Members may seek reappointment, for a maximum of two consecutive terms of service on the HFACC Board. Current members seeking a new term on the HFACC Board shall submit an application at least ninety (90) days prior to the expiration of their current term.

ARTICLE IV

REQUIRED OFFICERS. The officers of the HFACC shall include the following:

- a. Chairperson. The Chairperson shall preside over all meetings of the HFACC Board and shall co-sign for all authorized expenditures, appoint committee heads and have the responsibility of the performance of such duties as prescribed in these bylaws. The Chairperson shall act as an ex-officio member of all committees. The Chairperson has authority to sign any approved contract, resolution, or other agreement necessary to conduct HFACC business.
- b. Vice-Chairperson: The Vice-Chairperson shall aid the Chairperson and perform the duties of the Chairperson in his/her absence or disability. The Vice-Chairperson may also co-sign for authorized expenditures in the event the Chairperson or Treasurer is absent. The Vice-Chairperson has authority to sign any approved contract, resolution, or other agreement necessary to conduct HFACC business.

PERMISSIVE OFFICERS. The officers of the HFACC may include the following:

- a. Secretary: The duties of the Secretary may be performed by a contracted individual or a Clackamas County employee in lieu of naming a member of the Board as Secretary. The Secretary shall keep accurate records of all meetings of the HFACC Board. The minutes shall be made available to any member or the public as required by the Oregon Public Records and Public Meetings Law, which shall apply to all meetings of the HFACC Board. The Secretary shall handle all correspondence of the HFACC. The Secretary shall be responsible to maintain the membership registry required by these bylaws.

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d.b. Treasurer: The Treasurer shall maintain an accurate record of all income and expenses of the HFACC and co-sign authorized expenditures. The Treasurer may maintain a bank account, if applicable, and present a statement of account

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at every meeting. The Treasurer's records shall be made available to any member or the public as required by the Oregon Public Records Law.

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The HFACC shall provide the Clackamas County Public and Government Affairs Department with a current list of officers on an annual basis.

SELECTION OF OFFICERS. The first election shall be held at the first meeting of the HFACC Board. After the first election, the election of officers of the HFACC shall be held in conjunction with the annual meeting. Members shall assume their duties immediately upon election to office. All members are eligible for election to officer positions. The Chairperson shall not vote for an officer except in the event of a tie when the Chairperson shall cast the deciding vote. Proxy votes shall not be allowed.

TERM OF OFFICE. The term of office for all officers shall be one (1) year, however, the officer shall continue to serve until a successor is elected or appointed to that office.

VACANCIES. A vacancy occurs when an officer dies, resigns, is removed, or has more than three (3) unexcused absences from meetings during a calendar year. A vacancy shall be filled by appointment by the Board of County Commissioners. The person appointed to fill the vacancy shall serve the remainder of the unexpired term and until a successor is elected or appointed to that office.

NOMINATING COMMITTEE. Nominating Committee shall be appointed by the Chairperson at least thirty (30) days prior to the annual meeting. This committee shall present its recommended list of candidates to the Board of County Commissioners. If possible there shall be at least two (2) people nominated for each office. No person may be confirmed as a nominee without the permission of the nominated person.

ARTICLE V

MEETINGS. Meetings of the HFACC Board shall be held in accordance with the Oregon Public Meetings Laws. Meetings shall be held no less than twice per year, with the annual meeting being held once per year for the purpose of electing officers and such other business as deemed necessary. Members shall be given the agenda and related materials/documents pertaining to the items before the HFACC Board at least one week prior to the meeting date. Members of the HFACC Board may be reimbursed for expenses, as approved by the HFACC Board Chair, incurred for attendance of Board meetings.

The Chairperson may call special meetings at any time upon the request of two (2) of the officers or any three (3) members of the HFACC. The time and location shall be determined by the HFACC. Notice of all meetings shall be provided as required by ORS 192.640 of the Oregon Public Meetings Law. Minutes of all meetings shall be kept and shall be available for public inspection as required by ORS 192.650 of the Oregon

Public Meetings Law. A copy of all meeting minutes shall be provided to the County Public and Government Relations Office.

QUORUM and VOTING. A quorum shall be present at a meeting in order for the HFACC Board to transact business. A quorum consists of a majority of all members of the HFACC Board, not just those present. A vacancy on the board does not affect the quorum requirements. The HFACC Board can take official action only with the affirmative vote of four or more members.

RECORDS. All records of HFACC shall be subject to disclosure except as allowed by exemptions of the Oregon Public Records Law.

ARTICLE VI

HEARING PROCESS AND PROCEDURE. The principles of parliamentary rules of procedures such as Robert's Rules of Order shall govern proceedings at any meeting of the HFACC Board. The Chair shall be guided by these principles in deciding any procedural questions. The Chair's decision on procedural matters may be overruled by a majority of the members voting on the question. The HFACC Board may establish a more detailed hearing procedure to provide for an orderly process for holding a public hearing. All meetings shall comply with the Oregon Public Meetings Law.

ARTICLE VII

COMMITTEES. The HFACC Board may create committees as required to promote the purposes and objectives of the Hf ACC. A chairperson for each committee shall be selected by the HFACC Chairperson.

ARTICLE VIII

DISSOLUTION. The HFACC Board shall be considered inactive if it fails to meet the requirements of these bylaws and is placed in an inactive status by action of the Board of County Commissioners. An inactive HFACC Board shall be dissolved and will no longer be recognized by the Board of County Commissioners. Should the HFACC be dissolved, disbursement of the HFACC funds, if any, shall be to Clackamas County. This organization shall be selected by the HFACC Board in attendance at the final meeting if a majority. Funds provided to the HFACC by the County shall be returned to the County upon dissolution of the Hf ACC.

ARTICLE IX

AMENDMENTS. These by laws may be amended. If requested by the HFACC Board, proposed amendments shall be submitted by the HFACC Board to County Counsel's

Office for approval. Upon approval of County Counsel's Office, the proposed amendments shall be submitted for approval to the Board of County Commissioners, which shall make any amendments in its sole discretion. The BCC reserves the right to propose, adopt and implement any changes to these bylaws without consent of the HFACC Board in its sole discretion.

The amended bylaws shall supersede all previous bylaws and become the governing rules for the HFACC with respect to the matters addressed herein.

DRAFT

**BOND RESOLUTION
OF
THE HOSPITAL FACILITY AUTHORITY
OF CLACKAMAS COUNTY, OREGON**

WHEREAS, at a special meeting held on January 22, 2020, the Hospital Facility Authority of Clackamas County, Oregon (the “Authority”), an Oregon public authority, considered a request from Rose Villa, Inc. (the “Borrower”), an Oregon nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), for the issuance by the Authority of its Revenue Bonds (Rose Villa Project), in one or more tax-exempt or taxable series, in an aggregate principal amount not to exceed \$85,000,000 (the “Bonds”). Thereafter the Authority adopted an Inducement Resolution approving of the proposed financing and agreed to use its best efforts, in cooperation with the Borrower, to issue the Bonds pursuant to law and to loan the proceeds to the Borrower to finance the costs of all or a portion of the following (collectively, the “Project”):

1. Costs of the construction, acquisition, development, improvement, renovation and equipping of an expansion project and other capital projects with respect to the Borrower’s continuing care retirement community located at 13505 SE River Road, Portland, Oregon;
2. Funding a debt service reserve account, if necessary;
3. Refunding all of the outstanding Public Finance Authority Senior Living Revenue Bonds (Rose Villa Project), Series 2017A; and
4. Paying capitalized interest and certain costs of issuance of the Bonds.

WHEREAS, the Bonds shall be issued pursuant to Oregon Revised Statutes Sections 441.525 to 441.595, inclusive, and Oregon Revised Statutes Chapter 287A, each as amended from time to time (the “Act”).

WHEREAS, Section 441.550 of the Act authorizes the Authority to borrow money and to issue revenue bonds for the purpose of carrying out its powers as the Board of Directors deems necessary or advisable. The Authority has determined that the execution and delivery of the financing documents described below and the use of the proceeds thereof by the Borrower to finance the Project is a public purpose pursuant to the Act, and that the execution and delivery of such financing documents and the Project are in the best interest of the citizens of Clackamas County, Oregon (the “County”).

WHEREAS, Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the Board of County Commissioners of the County (the “Board of Commissioners”) as the applicable elected representatives of the governmental unit issuing the Bonds. On February 5, 2020, a Notice of Public Hearing was published in *The Oregonian* pursuant to Section 147(f) of the Code. The public hearing was conducted at approximately 10:00 a.m. on February 13, 2020, by the Board of Commissioners and provided the opportunity for members of

the public to express their views, orally, or in writing, regarding the issuance of the Bonds by the Authority and the approval of the issuance of the Bonds by the Board of Commissioners.

WHEREAS, the Board of Commissioners, as the applicable elected representatives of the governmental unit issuing the Bonds, adopted an Order on February 13, 2020, approving the issuance, sale, execution and delivery of the Bonds by the Authority.

WHEREAS, in connection with the implementation of the Project, the Authority may be requested to execute and deliver certain agreements, contracts, directions, certificates, notices and other documents (collectively, the “Financing Documents”), which may include without limitation:

- (i) an Indenture of Trust between the Authority and U.S. Bank National Association, as trustee (the “Bond Trustee”), relating to the Bonds;
- (ii) a Loan Agreement between the Authority and the Borrower relating to the Bonds;
- (iii) Preliminary and Final Official Statements; and
- (iv) a Bond Purchase Agreement among the Authority, the Borrower and B.C. Ziegler and Company, as underwriter (the “Underwriter”).

WHEREAS, the principal of and interest on any Bonds will not constitute a debt of the Authority or the County, nor shall any Bonds be payable from a tax of any nature levied upon any property within the County, nor within any other political subdivision of the State of Oregon. The Authority has no taxing power. The Bonds will be payable only from the revenues and resources provided or arranged by the Borrower.

WHEREAS, the Board determines that it is in the best interest for the Authority to proceed with the issuance of the Bonds.

Being now fully advised,

IT IS HEREBY RESOLVED:

Section 1. The Authorized Representative (defined below) is authorized, at the request of the Borrower, to approve the Project, and to execute and deliver the Financing Documents and any agreements, contracts, certificates or other documents in connection with the Project, including without limitation, notices, directions, confirmations, waivers, amendments or terminations.

Section 2. The Authority does authorize and approve of the provisions of and directs the execution, sale, delivery and issuance by the Authority of the Bonds, in one or more series or subseries, and in the form of tax-exempt or taxable bonds in an aggregate principal amount not to exceed \$85,000,000.

Section 3. The Authority hereby designates each of the Chair and the Vice Chair of the Authority and the Finance Director, Interim, for the County, or any other designee of the Authority as may be authorized pursuant to a resolution adopted by the Authority, as “Authorized Representatives” of the Authority to negotiate the terms of the sale of the Bonds and to determine and designate the dated date of the Bonds, the series designations, the maturity dates and amounts, the interest rates, the optional and mandatory redemption provisions, with or without premium, if any, and the interest payment dates and such other provisions and terms of the Bonds as are deemed necessary and desirable for the issuance, sale and closing of the Bonds. The Bonds shall be executed by the facsimile signature of the Chair and shall be attested by the facsimile signature of the Vice Chair of the Authority or by the Finance Director, Interim, for the County. The Bonds shall mature not later than December 31, 2055. The Bonds shall be issued or executed in the form as may be approved by the Authorized Representative.

Section 4. The Authority will provide for the establishment of the special funds as set forth in the Financing Documents, to be held in trust as set forth therein. The Authority will be obligated to deposit proceeds of the Bonds to and expend proceeds of the Bonds from, the funds as set forth in and as required by the applicable Financing Documents. In addition, the Authority shall provide for the deposit of all of the loan repayments payable to the Authority pursuant to the Financing Documents.

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

Section 6. The Authority authorizes the sale of the Bonds to the Underwriter pursuant to the terms and conditions of the Bond Purchase Agreement as may be approved by the Authorized Representatives.

Section 7. The Authority authorizes the loaning to the Borrower of the net proceeds of the Bonds pursuant to the Financing Documents.

Section 8. The Authority directs the Authorized Representative to execute and deliver the Financing Documents in the forms and with such changes as may be approved by the Authorized Representative. The Authority authorizes the performance by the Authority of the obligations and duties on its part as contained in the Financing Documents. Any one or more of the Authorized Representatives shall approve, execute and deliver each of the above-described documents and such other documents as are necessary to consummate the sale and/or issuance of the Bonds.

Section 9. During any time any Bonds are held in a book-entry only system (the “Book-Entry System”), the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York (“DTC”), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Authority has entered into a Blanket Issuer Letter of Representations (the “Letter”) wherein the Authority represents that it will comply with the requirements stated in DTC’s Operational Arrangements as they may be amended from time to time.

Section 10. Any Bonds may be transferred or subject to exchange for fully registered Bonds as provided in the Financing Documents. All Bonds issued upon transfer of or in exchange for a Bond shall be valid obligations of the Authority evidencing the same obligation and shall be entitled to the same benefits as the Bond surrendered for such exchange or transfer. All fees, expenses and charges of a paying agent and registrar shall be payable by the Borrower.

Section 11. The Authority may defease the Bonds as provided and as applicable in the Financing Documents.

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

Section 13. Each Authorized Representative of the Authority is authorized to take such action and to approve, execute and deliver for and on behalf of the Authority such other and additional documents including, but not limited to a tax certificate and agreement, an Internal Revenue Service Information Report (Form 8038), and to execute and deliver any agreements, contracts, certificates or other documents in connection with the Bonds and the Project, including without limitation, notices, directions, confirmations, waivers, amendments or terminations, all as may be necessary or desirable in the opinion of Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the Authority. The Authorized Representatives are further authorized to carry out the transactions contemplated by the documents defined in the Financing Documents and as authorized and approved in this Resolution, and to execute and deliver a Tax Certificate and Agreement and all other documents hereby authorized, to the respective parties entitled thereto.

Section 14. For purposes of compliance by the Underwriter with Rule 15c2-12(b)(1) of the Federal Securities and Exchange Commission (the “Rule”), the Authority authorizes the distribution of a preliminary and final official statement by the Underwriter, and the Authorized Representatives are authorized to deem the preliminary official statement as “final” for purposes of the Rule.

Section 15. All actions previously taken by any director, officer, official, employee or agent of the Authority in connection with or related to the matters set forth in or reasonably contemplated by this Resolution are hereby ratified, confirmed and approved in all respects as the acts and deeds of the Authority.

ADOPTED and effective this 11th day of March, 2020.

**HOSPITAL FACILITY AUTHORITY OF
CLACKAMAS COUNTY, OREGON**

By: _____
Chair

ATTEST:

By: _____
Vice Chair