

PUBLIC HEARING REPORT

October 6, 2014


**Public Hearing on Issuance of
The Hospital Facilities Authority of the City of Medford, Oregon
Revenue Bonds, Series 2014 (Cascade Manor Project)
by The Hospital Facilities Authority of the
City of Medford, Oregon**

On October 6, 2014, a public hearing was held in the Lane Council of Governments' Fifth Floor Small Conference Room located at 859 Willamette Street, Suite 500, Eugene, Oregon 97401 pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended.

The purpose of the hearing was to receive oral or written comments from the public regarding the request by Cascade Manor, Inc. (the "Borrower"), for authorization, execution, sale and delivery by The Hospital Facilities Authority of the City of Medford, Oregon (the "Authority") of the above-referenced bonds (the "Bonds") in an amount not to exceed \$40,000,000.

The proceeds of the Bonds will be used to finance and refinance all of the projects described in the attached Notice of Public Hearing.

Gary L. Darnielle, Program Manager, Lane Council of Governments, serving as Hearing Officer, opened the hearing at 3:00 p.m. No comments, either oral or written, were received from the public. The hearing was adjourned at 3:05 p.m.



Gary L. Darnielle
Hearing Officer

GUARD PUBLISHING COMPANY

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AFFIDAVIT OF PUBLICATION

STATE OF OREGON, }
COUNTY OF LANE, }

I, **Wendy Raz**, being first duly affirmed, depose and say that I am the Advertising Manager, or his principal clerk, of The Register-Guard, a newspaper of general circulation as defined in ORS 193.010 and 193.020; published at Eugene in the aforesaid county and state; that the **Notice of Public Meeting/Hearing** printed copy of which is hereto annexed, is publishing in the entire issue of said newspaper for **one** successive and consecutive **Day(s)** in the following issues:

September 22, 2014

NOTICE OF PUBLIC HEARING
CITY OF EUGENE, OREGON
Monday, October 6, 2014 @ 3:00 P.M.
Lane Council of Governments, Fifth Floor
Small Conference Room
859 Wilamette Street, Suite 500
Eugene, Oregon 97401

A public hearing will be held by the City of Eugene, Oregon (the "City"), on Monday, October 6, 2014 at 3:00 p.m. in the Lane Council of Governments' Fifth Floor Small Conference Room, located at 859 Wilamette Street, Suite 500, Eugene, Oregon 97401, for the purpose of hearing public comment on a request by Cascade Manor, Inc. (the "Borrower") to The Hospital Facilities Authority of the City of Medford, Oregon (the "Authority") with respect to the authorization, execution and delivery of the Authority's revenue bonds, in one or more series, in a maximum dollar amount not to exceed \$40,000,000 (the "Bonds").

An amount of the Bonds not to exceed \$16,000,000 will be loaned to the Borrower to refinance prior debt obligations issued by the Authority, which financed and refinanced all or a portion of the costs of constructing, renovating, improving, enlarging, furnishing and equipping senior housing units, a fitness center, the Borrower's continuing care retirement facility and related facilities, and an amount of the Bonds not to exceed \$24,000,000 will be loaned to the Borrower to finance all or a portion of the costs of constructing, improving, furnishing and equipping an additional expansion of senior housing units, a new dining venue, additional common areas and other capital improvements, and to reimburse prior capital expenditures, at the Borrower's continuing care retirement facility and related facilities.

The facilities to be financed and refinanced by the Bonds (hereinafter, the "Facilities") are located at 65 West 30th Avenue, Eugene, Oregon 97405. The site for the new expansion is located at the northwest corner of West 29th Place and Portland Street, Eugene, Oregon 97405. The Facilities are owned by the Borrower, which is an Oregon nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and are operated and managed by Pacific Retirement Services, Inc., an Oregon nonprofit corporation and organization described in Section 501(c)(3) of the Code.

Section 147(f) of the Code requires that qualified 501(c)(3) bonds be approved by the applicable elected representatives of the governmental unit issuing such bonds (the Authority), and by the applicable elected representatives of governmental units having jurisdiction over any of the areas in which the Facilities are located (the City Council of the City). The City, as the governmental unit having jurisdiction over the area in which the Facilities are located, will consider a resolution approving the issuance of the Bonds by the Authority following the public hearing. Separately, the City Council of the City of Medford, Oregon, as the applicable elected representatives of the Authority, will consider a resolution approving the issuance of the Bonds by the Authority.

The principal of and interest on the Bonds will not constitute a debt of the City or the City of Medford, Oregon, nor shall the Bonds be payable from a tax of any nature levied upon any property within the Cities of Eugene or Medford, Oregon, nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources of the borrower pledged to the payment of the Bonds.

The purpose of the public hearing will be to provide a reasonable opportunity for members of the public to express their views, orally or in writing, regarding the issuance of the Bonds and the uses and purposes of the proceeds of the Bonds. The hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard on the question of the issuance of the Bonds. Written comments may be delivered at the public hearing or mailed to the Lane Council of Governments, 859 Wilamette Street, Suite 500, Eugene, Oregon 97401-2910, Attention: Gary Darnielle.


This notice is published pursuant to the public approval requirements of Section 147(f) of the Code and the regulations and rulings issued thereunder.

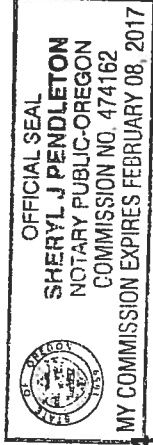
CITY OF EUGENE, OREGON

Publisher: September 22, 2014.

No. 6082748 - September 22, 2014

Subscribed and affirmed to before me this **September 22, 2014**


Notary Public of Oregon



Account #: **70895683**

INVOICE **6082748**

Case: **October 6, 2014** MY COMMISSION EXPIRES FEBRUARY 08, 2017

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RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 FOR THE CASCADE MANOR PROJECT BY THE HOSPITAL FACILITIES AUTHORITY OF THE CITY OF MEDFORD, OREGON

The City Council of the City of Eugene, Oregon, finds as follows:

A. Cascade Manor, Inc., a nonprofit 501(c)(3) corporation (the “Borrower”), and an affiliate of Pacific Retirement Services, Inc., a nonprofit 501(c)(3) corporation, owns a continuing care retirement community located at 65 West 30th Avenue, Eugene, Oregon.

B. The Hospital Facilities Authority of the City of Medford, Oregon (the “Authority”) has received a request from the Borrower to issue one or more series of tax-exempt conduit bonds in an aggregate principal amount not to exceed \$40,000,000 (the “Bonds”) for the purpose of (i) refinancing prior debt obligations issued by the Authority (the “Refunded Bonds”), which financed all or a portion of the costs of constructing, renovating, improving, enlarging, furnishing and equipping senior housing units, a fitness center, the health center and the main building at the Borrower’s continuing care retirement facility and related facilities, and (ii) financing all or a portion of the costs of constructing, improving, furnishing and equipping an additional expansion of senior housing units, a new dining venue, additional common areas and other capital improvements, and reimbursing prior capital expenditures, at the Borrower’s continuing care retirement facility and related facilities (the facilities financed and refinanced by the Bonds are herein called the “Facilities”).

C. Under Section 147(f) of the Internal Revenue Code of 1986, as amended, qualified 501(c)(3) bonds must be approved by the applicable elected representatives of (i) the governmental unit issuing such bonds (the Authority) and (ii) the governmental unit having jurisdiction over the area in which the Facilities are located (the City of Eugene, Oregon).

D. The principal and interest on the Bonds will not constitute a debt of the City of Eugene, Oregon, the City of Medford, Oregon or the Authority, nor shall the Bonds be payable from any funds of the City of Eugene including from a tax of any nature levied upon any property within the City of Eugene nor any other political subdivision of the State of Oregon. The Bonds will be payable only from the revenues and resources of the Borrower pledged to the payment of the Bonds.

E. On September 22, 2014, a notice of public hearing was published in the *Register-Guard* newspaper. A Hearings Officer conducted a public hearing on Monday, October 6, 2014 at 3:00 p.m. with respect to the proposed issuance by the Authority of the Bonds. The Hearings Officer produced a Public Hearing Report setting out the results of the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Eugene, a municipal corporation of the State of Oregon, as follows:

Section 1. Bonds authorized. The City Council of the City of Eugene hereby approves the authorization, execution, sale and delivery by The Hospital Facilities Authority of the City of Medford, Oregon of the Bonds in an amount not to exceed \$40,000,000.

Section 2. Delegation. The City Manager or the person designated by the City Manager to act on behalf of the City pursuant to this Resolution (the “City Official”) is hereby authorized and directed, on behalf of the City and without further action by the Council, to enter into an Amended and Restated Intergovernmental Cooperation Agreement for the purpose of authorizing the Bonds and to execute and deliver any agreements or certificates and take any other action in connection with each series of Bonds which the City Official finds is desirable to permit the sale and issuance of that series of Bonds in accordance with this Resolution.

Section 3. Effective Date. This Resolution shall take effect immediately upon adoption.

The foregoing Resolution adopted this 13th day of October 2014.

City Recorder

**AMENDED AND RESTATED
INTERGOVERNMENTAL COOPERATION AGREEMENT**

THIS AMENDED AND RESTATED INTERGOVERNMENTAL COOPERATION AGREEMENT IS BETWEEN THE HOSPITAL FACILITIES AUTHORITY OF THE CITY OF MEDFORD, OREGON AND THE CITY OF EUGENE, OREGON RELATING TO THE ISSUANCE BY THE HOSPITAL FACILITIES AUTHORITY OF THE CITY OF MEDFORD, OREGON OF REVENUE BONDS, SERIES 2014 (CASCADE MANOR PROJECT), IN ONE OR MORE SERIES.

This Amended and Restated Intergovernmental Cooperation Agreement (the “Agreement”) is made and entered into between The Hospital Facilities Authority of the City of Medford, Oregon (the “Authority”) and the City of Eugene, Oregon (the “City of Eugene”) for the benefit of Cascade Manor, Inc. (the “Borrower”), a nonprofit adult congregate care facility located in the City of Eugene. The Authority has previously issued its Variable Rate Demand Revenue Bonds, Series 2006 (Cascade Manor Project) (the “Series 2006 Bonds”) in the aggregate principal amount of \$18,000,000, its Refunding Revenue Bonds, Series 2010 (Cascade Manor Project) (the “Series 2010 Bonds”) in an aggregate principal amount of \$16,865,000 and now proposes to issue its Revenue Bonds, Series 2014 (Cascade Manor Project) (the “Series 2014 Bonds”) in an aggregate principal amount not exceeding \$40,000,000. The Series 2006 Bonds were issued by the Authority with authorization and approval of the City of Eugene pursuant to an Intergovernmental Cooperation Agreement dated June 19, 2006 between the Authority and the City of Eugene, authorized by the City Council of the City of Eugene by its Resolution No. 4874 adopted May 22, 2006 (the “City Resolution”), and the Series 2010 Bonds were issued by the Authority with authorization and approval of the City of Eugene pursuant to an Amended and Restated Intergovernmental Cooperation Agreement dated December 14, 2010 between the Authority and the City of Eugene (the “2010 IGA”). The proceeds of the Series 2010 Bonds were loaned by the Authority to the Borrower and used by the Borrower to refinance the Series 2006 Bonds and to pay certain costs of issuance of the Series 2010 Bonds. The Series 2006 Bonds financed the costs of the following projects:

- (i) to refinance a loan between the Borrower and PremierWest Bank, which financed the construction, furnishing and equipping of approximately 50 units at Cascade Manor, Inc.;
- (ii) to construct additions, renovations, improvements or enlargements to the health center at Cascade Manor, Inc.;
- (iii) to provide working capital or capitalized interest; and
- (iv) to pay certain costs of issuance of the Series 2006 Bonds.

The Series 2014 Bonds are being issued to finance and refinance the following projects (collectively, the “Projects”):

- (i) currently refund the Series 2010 Bonds;

- (ii) to pay the costs of all or a portion of constructing, improving, furnishing and equipping an additional expansion of senior housing units, a new dining venue, additional common areas and other capital improvements, and reimbursing prior capital expenditures, at Cascade Manor, Inc.;
- (iii) to provide working capital or capitalized interest;
- (iv) to pay certain costs of issuance of the Series 2014 Bonds; or
- (v) to pay the costs of terminating the interest rate swap related to the Series 2010 Bonds and paying the costs of an interest rate cap for the Series 2014 Bonds.

RECITALS

A. The Authority and the City of Eugene desire to enter into this Agreement to amend and restate the 2010 IGA and thereby permit the Authority to act as the issuer of the Series 2014 Bonds.

B. The Authority and the City of Eugene acknowledge that they have authority to execute and deliver this Agreement pursuant to ORS 190.010 and ORS 441.575.

C. The City of Eugene is authorized to enter into this Agreement pursuant to the authorization granted by the City Resolution.

NOW, THEREFORE, it is agreed by and between the Authority and the City of Eugene, as follows:

1. Issuance by Authority. Pursuant to ORS 441.550(6) and 441.555, which provide that an authority may issue revenue bonds to accomplish its purposes, and ORS 190.010, which provides that units of local government (including any authority or city) may enter into intergovernmental agreements and may agree to designate one of the parties to an intergovernmental agreement to perform any or all functions and activities that a party to the agreement has the authority to perform, the Authority and the City of Eugene agree that the Authority will be the issuer of the Series 2014 Bonds.

2. Further Authority. This Agreement is executed by the parties hereto to confirm the authority of the Authority to act as the issuer of the Series 2014 Bonds and to further supplement the existing authority of the Authority to issue the Series 2014 Bonds pursuant to ORS 441.550(8), which provides that an authority has the power to loan money for financing and refinancing improvements to hospital facilities or adult congregate care facilities, and ORS 441.550(2), which provides that an authority has the power to improve and equip hospital facilities or adult congregate care facilities within or without the corporate limits of the municipality by which it was created.

3. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

4. No Liability on the Series 2014 Bonds. The parties to this Agreement shall not incur any liability on the Series 2014 Bonds by reason of executing this Agreement. The Series 2014 Bonds are special nonrecourse obligations of the Authority payable solely from revenues or resources provided by the Borrower or its affiliates.

5. Counterparts. This Agreement may be executed in one or more counterparts each of which shall constitute an original.

6. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon.

IN WITNESS WHEREOF, the parties have set their hands as of this ____ day of October, 2014.

**THE HOSPITAL FACILITIES AUTHORITY
OF THE CITY OF MEDFORD, OREGON**

CITY OF EUGENE, OREGON

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____