

IN THE BOARD OF COMMISSIONERS OF THE STATE OF OREGON

FOR THE COUNTY OF YAMHILL

SITTING FOR THE TRANSACTION OF COUNTY BUSINESS

In the Matter of an Order Authorizing the)
Issuance, Sale, Execution and Delivery of)
Revenue Bonds, Series 2018 (George Fox) BOARD ORDER 18-98
University) in an aggregate principal)
amount not exceeding \$15,000,000.)

THE BOARD OF COMMISSIONERS OF YAMHILL COUNTY, OREGON (the "Board") sat for the transaction of County business in formal session on April 5, 2018, Commissioners Mary Starrett, Richard L. Olson and Stan Primozich being present.

THE BOARD MAKES THE FOLLOWING FINDINGS:

- A. Yamhill County, Oregon (the "County") is a political subdivision of the State of Oregon and a "municipality" as defined in Oregon Revised Statutes ("ORS") Section 350.665(5) authorized to issue education facilities revenue bonds for the benefit of nonprofit educational institutions within the State of Oregon pursuant to ORS Sections 350.665 to 350.695 and 287A.150 (collectively, the "Act").
- B. The County has received a request as set forth in a Letter of Intent, attached hereto as Exhibit "A," from George Fox University, a qualified 501(c)(3) organization and an Oregon nonprofit corporation (the "University"), wherein the University has requested that the County issue its Revenue Bonds, Series 2018 (George Fox University Project) (the "Bonds"), in an aggregate principal amount not exceeding \$15,000,000 for the purpose of financing all or a portion of the costs of (i) the remodel, renovation, equipping and furnishing of the Edwards Residence Hall; (ii) the development, construction, equipping and furnishing of a new residence hall to be constructed on the Newberg campus of the University; and (iii) paying costs relating to the issuance of the Bonds, including paying capitalized interest on a portion of the Bonds (collectively, the "Project").
- C. Section 147(f) of the Internal Revenue Code of 1986 (the "Code") requires that the Bonds be approved by the elected legislative body of the County, as the unit of government issuing the Bonds and as the unit of government having jurisdiction over the area in which the projects financed with the Bonds are located.
- D. On the date hereof, the Board conducted a public hearing, following the publication of reasonable public notice in the form of a Notice of Public Hearing, published on March 20, 2018 in the *News Register* pursuant to the provisions of Section 147(f) of the Code, whereby members of the public were offered reasonable opportunity to be heard by the County relating to the issuance of the Bonds.
- E. The Board is advised that the Bonds will be issued pursuant to a Trust Indenture, dated as of July 1, 2012, as amended and supplemented from time to time, including as amended and

supplemented by the Second Amendment to Trust Indenture, to be dated as of April 1, 2018 (the "Second Amendment" and collectively, the "Indenture"), each between the County, as issuer, and U.S. Bank National Association, as the bond trustee (the "Trustee").

F. The Board is advised that the proceeds of the Bonds will be loaned to the University for the purpose of financing the Project pursuant to a Loan Agreement, dated as of July 1, 2012, as amended and supplemented from time to time, including as amended and supplemented by the First Supplement to Loan Agreement, to be dated as of April 1, 2018 (the "First Supplement" and collectively, the "Loan Agreement"), each between the County and the University. The Bonds will be payable solely from amounts required to be paid by the University pursuant to the Loan Agreement and the security granted by the University to secure payment of such obligations under the Loan Agreement, together with any other funds and assets available therefore under the Indenture. The County does not assume any liability for the payment of the Bonds nor are any assets or funds of the County pledged therefor. The Bonds shall not be a charge upon the tax revenues of the County and shall be secured solely by the education facility revenues and any other assets pledged by the University.

G. The Bonds will be sold to U.S. Bank National Association, or an affiliate thereof (the "Purchaser"), pursuant to a Continuing Covenant Agreement, dated as of April 1, 2018 (the "Continuing Covenant Agreement"), between the Purchaser and the University.

H. The Board designates the Chair, the Vice Chair, the Chief Administrative Officer, County Counsel or any other person designated by the Chair of the Board, as the "Authorized Representative" on behalf of the County, to establish the terms and negotiate the sale of the Bonds and to approve, execute and deliver the agreements and documents necessary to complete the Bond financing.

I. The Board has considered the terms and provisions of (i) a draft of the Second Amendment; (ii) a draft of the First Supplement; and (iii) a draft of the Continuing Covenant Agreement.

J. The Board determines that it is in the best interests of the County for the County to assist in providing education facilities for the people of Yamhill County, Oregon and to proceed with the issuance of the Bonds.

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE BOARD AS FOLLOWS:

(1) Authorization and Approval of Bonds. As the issuer of the Bonds and as the applicable elected representatives of the governmental unit having jurisdiction over the area in which the project financed with the Bonds is located, the County hereby authorizes and approves, for the purpose of satisfying the requirements of Section 147(f) of the Code, the issuance, sale and delivery of the Bonds in an aggregate principal amount not exceeding \$15,000,000, upon such terms and conditions as may be approved by the Authorized Representative as provided herein. Proceeds of the Bonds, together with other funds of the University, will be used to finance the costs of the Project. The Bonds shall be issued in substantially the form as set forth in the Second Amendment.

(2) Letter of Intent. The Board has received the Letter of Intent between the County and the University wherein the University proposes that the County issue the Bonds pursuant to the Act to provide funds for the Project within the meaning of the Act and to loan the proceeds of the Bonds to the University for such purposes. To induce the County to undertake the issuance of the Bonds,

the University has agreed to cooperate with the County for the approval by the County of all the terms and conditions of the issuance of the Bonds and the sale thereof in an aggregate principal amount not to exceed \$15,000,000. The University shall pay to the County from the revenue bond proceeds and other available University funds an issuer's fee as more fully set forth in paragraph 3(b) of the Letter of Intent. The County approves of the Letter of Intent and authorizes the Chair to execute and deliver the Letter of Intent for and on behalf of the County.

(3) Authorized Representative. The County authorizes the Chair, the Vice Chair, the Chief Administrative Officer, County Counsel or any other person designated by the Chair of the Board, as the "Authorized Representative" to take such action for and on behalf of the County as is reasonably necessary to carry out the provisions of this Board Order, including, without limitation, to negotiate the sale of the Bonds and to determine and designate the dated date of the Bonds, the maturity date and amounts, the interest rate and interest payment dates, the optional and mandatory redemption provisions, with or without premium, if any, and such other provisions and terms of the Bonds as are deemed necessary and desirable for the issuance, sale and closing of the Bonds.

(4) Application of Proceeds of Bonds. The County provides for the establishment of the funds and accounts as set forth in the Indenture to be held in trust with or under the control of the Trustee for the purposes and uses as set forth in the Indenture. Bond proceeds received by the Trustee for the benefit of the County from the sale of the Bonds shall be applied by the Trustee as directed in the Indenture.

(5) Pledge of Revenues and Credit Facility. In accordance with ORS 350.680(4), the County pledges to the payment of the Bonds the education facility revenues required to be paid by the University pursuant to the Loan Agreement. This pledge is noted in this Board Order authorizing the issuance of the Bonds, which notice shall be constructive notice thereof to all parties as provided in ORS 350.680(4).

The Bonds will be special limited obligations of the County payable solely and only from the amounts required to be paid by the University pursuant to the Loan Agreement and other funds and assets available therefor under the Indenture. The Bonds shall not be deemed to constitute a debt or liability of the County within the meaning of any state constitutional provision or statutory debt limitation and shall not constitute a pledge of the full faith and credit of the County, but shall be payable solely from the funds provided for in the Loan Agreement and in the Indenture. The Bonds shall not be a general obligation of the County nor a pledge of the faith and credit of the County or its elected or appointed officials, employees or agents nor a debt or pledge of the faith and credit of the State of Oregon.

(6) Designation of Purchaser. The County authorizes the sale of the Bonds to the Purchaser pursuant to the terms and conditions of the Continuing Covenant Agreement as approved by the Authorized Representative. The Bonds shall be executed by the facsimile signature of the Chair of the Board and shall be attested by the County Counsel.

(7) Designation of Trustee, Paying Agent and Registrar. U.S. Bank National Association, in Portland, Oregon, is designated and approved as the Trustee, paying agent and registrar pursuant to the Indenture.

(8) Appointment of Bond Counsel. The County designates Orrick, Herrington & Sutcliffe LLP as Bond Counsel to the County for the Bonds.

(9) Transfer of Bonds. The Bonds may be transferred or subject to exchange, for fully registered Bonds as provided in the Indenture. All Bonds issued upon transfer of or in exchange for the Bonds shall be valid obligations of the County evidencing the same debt and shall be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Bond Registrar shall be payable by the University.

(10) Defeasance. The County may defease the Bonds as provided in Article IX of the Indenture.

(11) Authorization, Execution and Delivery of Documents. The County authorizes and directs the execution and delivery of and the performance by the County of the obligations and duties on its part as contained in the Indenture and the Loan Agreement. Any one or more of the Authorized Representatives shall approve, execute and deliver each of the Second Amendment, the First Supplement and such other documents to which the County is a party including, but not limited to the Tax Certificate and Internal Revenue Service Information Report (Form 8038), and any closing documents or certificates, all as may be necessary in the opinion of Orrick, Herrington & Sutcliffe LLP, as Bond Counsel to the County, for the closing of the issuance and sale of the Bonds. The Authorized Representatives are further authorized to carry out the transactions contemplated by the documents defined in the Indenture and as authorized and approved in this Board Order, and to deliver the executed Second Amendment, First Supplement, Tax Certificate and all other documents hereby authorized, to the respective parties entitled thereto.

(12) Board Order to Constitute Contract. 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 Board Order shall be part of the contract of the County with the Owners and shall be deemed to be and shall constitute a contract between the County and the Owners. The covenants, pledges, representations and warranties contained in this Board Order or in the closing documents executed in connection with the Bonds, including without limitation the County's covenants and pledges contained herein, and the other covenants and agreements herein set forth to be performed by or on behalf of the County 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 any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Board Order.

(13) Effective Date. This Board Order shall take effect immediately upon its adoption by the Board of Commissioners.

DONE at McMinnville, Oregon on April 5, 2018.

ATTEST:

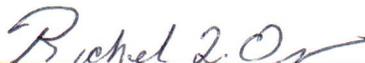


BRIAN VAN BERGEN
County Clerk

YAMHILL COUNTY
BOARD OF COMMISSIONERS

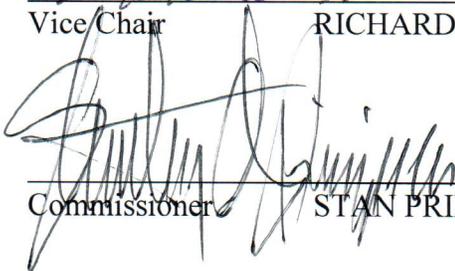

Chair MARY STARRETT

By: 
Deputy CAROLINA ROOK


Vice Chair RICHARD L. "RICK" OLSON

FORM APPROVED BY:


CHRISTIAN BOENISCH
County Counsel


Commissioner STAN PRIMOZICH

Accepted by Yamhill County
Board of Commissioners on
4/5/18 by Board Order
18-98

EXHIBIT "A"

LETTER OF INTENT

between

YAMHILL COUNTY, OREGON

and

GEORGE FOX UNIVERSITY

THIS LETTER OF INTENT is between YAMHILL COUNTY, OREGON, a political subdivision of the State of Oregon (the "County"), and GEORGE FOX UNIVERSITY, an Oregon nonprofit corporation (the "University").

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

A. The County is a political subdivision of the State of Oregon, authorized and empowered by Oregon Revised Statutes ("ORS") Sections 350.665 to 350.695 and by ORS 287A.150 (collectively, the "Act") to issue revenue bonds for the purposes specified therein upon such terms and conditions as the County may deem advisable.

B. The County proposes to issue its Revenue Bonds, Series 2018 (George Fox University) (the "Bonds") pursuant to the Act for the purpose of financing all or a portion of the costs of (i) the remodel, renovation, equipping and furnishing of the Edwards Residence Hall; (ii) the development, construction, equipping and furnishing of a new residence hall to be constructed on the Newberg campus of the University; and (iii) paying costs relating to the issuance of the Bonds, including paying capitalized interest on a portion of the Bonds (collectively, the "Project").

C. The County deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds to finance the cost of the Project in a total amount not to exceed \$15,000,000.

D. The County finds that the issuance of the Bonds to finance the cost of the Project and the loaning of the proceeds thereof to the University for the Project constitutes a valid public purpose.

E. The University wishes to proceed with the Project and to incur expenses in connection with the Project. The University does not wish to incur the costs and expenses and

proceed with its plans for the Project without reasonable assurances from the County that proceeds of the sale of the Bonds of the County may be made available to finance the Project. The parties consider it appropriate that the action contemplated hereunder be the subject of this Letter of Intent.

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

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

A. The County will use its best efforts, subject to the satisfaction by the University of all conditions stated herein and all other conditions imposed on the University by the County prior to issuance of the Bonds, to authorize and cause the issuance of its Bonds to be payable solely out of the loan payments payable by the University to the County pursuant to a loan agreement or other financing agreement between the University and the County, which Bonds will be in an aggregate principal amount not to exceed \$15,000,000.

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

C. The amounts payable to the County under the loan agreement or other financing agreement shall be sufficient to pay the principal of and the interest on, and redemption premium, if any, of the Bonds as and when the same become due and payable.

D. The County has appointed Orrick, Herrington & Sutcliffe LLP, as bond counsel to the County ("Bond Counsel"), to participate in the proceedings, to prepare any board orders of the Board of County Commissioners, to prepare or review an indenture or amendment thereto, a loan agreement or supplement thereto, a continuing covenant agreement, a modification or amendment to deed of trust, a tax certificate and agreement and any other necessary documents or certificates relating to the Bonds and the financing of the Project and to approve the legality of the actions of the County relating to the Bonds.

E. Neither the Bonds nor the interest thereon shall be an obligation of Yamhill County, Oregon, nor of the State of Oregon, nor the personal obligations of the elected or appointed officials, employees or agents of the County within the meaning of any constitutional or statutory provisions whatsoever, but shall be payable solely from amounts received by the County from the

University pursuant to the loan agreement and other monies and security pledged therefor. The Bonds shall not be a general obligation of the County nor a pledge of the faith and credit of the County or its elected or appointed officials, employees or agents nor a debt or pledge of the faith and credit of the State of Oregon.

F. No assets of the County shall be given to secure the Bonds, and the Bonds shall be repayable out of, and only out of, the University's assets and income pledged to the payment of the Bonds, if any.

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

A. The University will cooperate with the County for the approval of all of the terms and conditions of the issuance and sale of the Bonds in an aggregate principal amount not to exceed \$15,000,000, to finance the Project.

B. At the time of closing of the Bond sale, the University will pay to the County, from Bond proceeds or other available University funds, an issuer's fee equal to eighty cents (\$0.80) per one thousand dollars (\$1,000) of the principal amount of the Bonds, but not less than \$10,000.

C. Concurrently with the closing of the Bonds, the University will execute and deliver a loan agreement or other financing agreement with the County, under which terms the University will agree to pay the County loan payments sufficient in the aggregate to pay the principal of and interest on, and redemption premium, if any, of the Bonds as and when the same shall become due and payable.

D. In addition to the indemnification and hold harmless obligations of the University under Section 5A. hereof, the loan agreement or other financing agreement shall contain provisions in which the University shall indemnify and hold the County and their elected or appointed officials, employees and agents harmless from all liabilities incurred in connection with the Project or the sale, issuance, marketing or administration of the Bonds.

E. The University will cause the University's counsel to provide the County with a legal opinion substantially the same in form and substance as the legal opinion provided by University's counsel to the purchaser with respect to the Bonds.

F. The loan agreement shall also contain such other provisions as may be required or permitted by law and as are mutually acceptable to the parties.

G. In accordance with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the University, as an "Obligated Person" within the meaning of the Rule,

agrees to execute and deliver a Continuing Disclosure Certificate, if required or if applicable, in a form satisfactory to the County and Bond Counsel and agrees to provide information as specified in the Continuing Disclosure Certificate on an annual basis and will undertake to provide in a timely manner notices of a material event, as defined in the Continuing Disclosure Certificate, with respect to the Bonds.

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

4. General Provisions.

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

B. Notwithstanding anything to the contrary stated herein, the University will pay, or cause to be paid, whether the Bonds are actually issued or not, any fees and expenses incurred in connection with the issuance, sale and on-going administration of the Bonds, including without limitation, the reasonable fees and expenses of the County, Bond Counsel and the Bond trustee. The University will also pay the cost of County staff time incurred in connection with the issuance, sale or on-going administration of the Bonds and any costs related to the County's inability to issue "bank qualified obligations" in calendar year 2018, if applicable. In addition, the University shall pay the out-of-pocket costs of Bond Counsel and County staff. The University will also pay the cost and fees of its counsel, purchaser's fees and costs and any other costs incurred in connection with the Project or the Bonds.

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

D. The University agrees to execute and deliver the Continuing Disclosure Certificate as required by Section 3G. hereof, if applicable or required by Rule 15c2-12.

5. Miscellaneous Provisions.

A. The University shall and hereby agrees to indemnify and save the County, its appointed or elected officials, employees or agents harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the execution of this Letter of Intent and any and all other actions to be taken by the County relating to the Project or the issuance of the Bonds for so long as the Bonds remain outstanding, including, without limitation, the conduct or management of, or from any work or thing done related to the Project, including without limitation, (i) any condition related to the projects financed with the Bonds, (ii) any breach or default on the part of the University in the performance of any of its obligations under this Letter of Intent, (iii) any act or negligence of the University or of any of its agents, contractors, servants, employees or licensees, (iv) any act or negligence of any assignee or lessee of the University, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the University, or (v) any omission or misstatements of any material fact in the offering statement or any other liability arising from the sale, issuance, marketing or administration of the Bonds. The University shall indemnify and save the County and its elected or appointed officials, employees or agents harmless from any such claim arising as aforesaid, or in connection with any action or proceeding or costs or fees incurred in any action or proceedings brought thereon whether at trial, on appeal, in bankruptcy proceedings or otherwise, and upon notice from the County or its elected or appointed officials, employees or agents, the University shall defend them or either of them in any such action or proceeding at the University's expense.

Notwithstanding the fact that is the intention of the parties hereto that the County and their elected or appointed officials, employees or agents shall not incur any pecuniary liability by reason of the terms of this Letter of Intent or the undertakings required of the County or its elected or appointed officials, employees or agents hereunder, by reason of the issuance of the Bonds or by reason of the execution of any financing documents relating thereto, or by reason of the performance of any act requested by the County, its elected or appointed officials, employees or agents or by the University, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the County or its elected or appointed officials, employees or agents should incur any such pecuniary liability, then in such event the University shall indemnify and hold the County and its elected or appointed officials, employees or agents harmless against all claims, demands or causes of action whatsoever, by or on behalf of any person, firm or corporation or other legal entity arising out of the same or out of any

offering statement or lack of offering statement in connection with the sale or resale of the Bonds and all costs, fees and expenses, including without limitation, legal fees and expenses whether incurred at trial, on appeal, in bankruptcy proceedings or otherwise incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County or its elected or appointed officials, employees or agents, the University shall defend the County and its elected or appointed officials, employees or agents in any such action or proceeding.

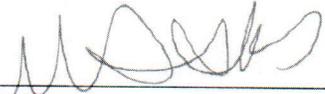
Notwithstanding anything to the contrary contained herein, the University shall have no liability to indemnify the County, or its elected or appointed officials, employees or agents, against claims or damages resulting from the County's elected or appointed officials, employees or agents own gross negligence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

In the event any claim is made against the County, its elected or appointed officials, employees or agents (collectively, the "Indemnified Parties") for which indemnification may be sought from the University under the foregoing provisions, the Indemnified Parties shall promptly give written notice thereof to the University; provided that any failure to give or delay in giving such written notice shall not relieve the University's indemnification obligations as set forth above except to the extent such failure or delay prejudices the University's ability to defend or settle such claim. Upon receipt of such notice, the University shall assume the defense thereof in all respects and may settle such claim in such manner as it deems appropriate so long as there is no liability, cost or expense to the Indemnified Party. The University shall select legal counsel to represent each Indemnified Party and shall not be responsible for the legal fees and expenses of any legal counsel retained by any Indemnified Party without the written consent of the University, unless the County shall have reasonably concluded that there may be a conflict of interest between the County and the University in the conduct of the defense of such action (in which case the University shall not have the right to direct the defense of such action on behalf of the County but shall be responsible for the legal fees and expenses of the counsel retained by the Indemnified Party whether incurred at trial, on appeal, in bankruptcy proceedings or otherwise).

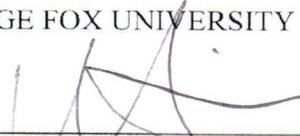
b. If Bond proceeds are not sufficient to complete the Project, the University agrees to pay, or cause to be paid, the deficiency.

c. The County and the University have caused this Letter of Intent to be authorized by their respective governing body or board of directors, and executed by their duly authorized officers as of the 5th day of April 2018.

YAMHILL COUNTY, OREGON

By: 
Chair

GEORGE FOX UNIVERSITY

By: 
Chief Financial Officer