



Oregon

Kate Brown, Governor

Department of Administrative Services

Chief Financial Office
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August 25, 2016

Mark Campbell
Multnomah County
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214

RE: Long-Term Lease or Sale of the Wapato County Jail

Dear Mark Campbell:

We understand Multnomah County is considering the possibility of selling or leasing the Wapato County Jail facility to a private party. As you know, there are currently two outstanding tax-exempt State of Oregon bond series related to financing a portion of the construction of the Wapato Jail, maturing in 2018 and 2023. We appreciate your reaching out to us in advance of changing the use of the facility, which gave us time to research whether any of the outstanding tax-exempt bonds would need to be defeased in order to protect the tax-exempt status of the bonds.

Based on the results of our research, including advice from our bond counsel, we have determined that at this point in time the Wapato Jail can be leased or sold to a private party without having to defease the outstanding bonds. This is primarily due to the fact that the private use would be within allowable Private Business Use limits based on the amount of outstanding bonds.

In accordance with Section 10.2 of the Facilities Sublease between Multnomah County (County) and the State of Oregon, acting by and through its Department of Administrative Services (State), the County has agreed not to sell or lease the Wapato Jail without the prior written consent of the State. The County has requested such consent. We hereby give the County our approval to continue exploring its options for the sale or lease of the Wapato Jail to a private party. If and when the lease or sale of the facility is finalized, the State of Oregon's bonds will not be defeased, but will continue to be paid through their final maturity dates.

Sincerely,

Jean Gabriel, Capital Finance & Planning Manager

C: Rhonda Nelson, Capital Finance Analyst
Dustin Ball, Chief Financial Office Analyst
Jack Ogami, Department of Corrections
Jennifer Cordova, Hawkins Delafield and Wood
Scott Schickli, Orrick Herrington & Sutcliffe
Cynthia Byrnes, Oregon Department of Justice